

Memorandum



To : SAC, LOS ANGELES (29B-LA-115702)
ATTN: [REDACTED]

Date 7/18/94

From : SAVANNAH INFORMATION TECHNOLOGY CENTER
INVESTIGATIVE INFORMATION SERVICES

b6
b7C

Subject: [REDACTED]
REQUEST NO. 30794

Attached are copies of Investigative Information Services printouts setting forth results of inquiries conducted by Investigative Information Services. Also attached are two copies of an accomplishment/reply form. It is requested that you record the Investigative Information Services accomplishments on this form, return one copy to the Investigative Information Services, and maintain one copy together with the computer printouts as a serial in your case file.

Set forth below is a brief synopsis of results of inquiries.

SSAN [REDACTED] is associated with name [REDACTED] (P)

[REDACTED] (7/94); employment noted as [REDACTED] which was reported in 12/91. Printouts furnished re companies making credit inquiries re [REDACTED] Telephone number [REDACTED] is listed to a [REDACTED]

[REDACTED] shown as resident [REDACTED]

[REDACTED] shown as owner [REDACTED]

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[REDACTED] Printouts furnished re corporate data re [REDACTED] and [REDACTED] furnished.

Should additional contact be necessary, this request was handled by Analyst [REDACTED]
Telephone [REDACTED]

(1) - Los Angeles (Enc.)
1 - Attn: 29B Special Agent Supervisor [REDACTED]
2 - Note: Copy forwarded [REDACTED]
Via Mail ☒ / Facsimile ☐ Date 7/18/94

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1 - SVITC

(2)

29B-LA-115702-246

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 7 1994	
FBI - LOS ANGELES	

LEVEL 1 - GROUP 6 - 6 OF 6 SEC FILINGS/SEC ABS

[*Summary]

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10-K

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FINANCIAL NEWS NETWORK INC

TICKER-SYMBOL: FNNI

EXCHANGE: NMS

320 PARK AVENUE
NEW YORK, NY 10022
212-891-7500

INCORPORATION: CA

COMPANY-NUMBER:

CUSIP NUMBER: 31790210

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SIC:

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FYE: 06/30

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[*1]

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-K
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D)
 OF THE SECURITIES EXCHANGE ACT OF 1934

FINANCIAL NEWS NETWORK INC.
 320 PARK AVENUE

NEW YORK, NEW YORK 10022
(212) 891-7500

FOR FISCAL YEAR ENDED: 06/30/90
COMMISSION FILE NUMBER: 1-8374

STATE OF INCORPORATION: CA
IRS EMPLOYER I.D.: 95-3669351

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
---------------------	--

NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
---------------------	--

COMMON STOCK, NO PAR VALUE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS
FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12
MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS
REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH
FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES ____ NO X

AS OF NOVEMBER 30, 1990, THE AGGREGATE MARKET VALUE OF THE COMMON STOCK
OF THE REGISTRANT (BASED UPON THE AVERAGE BID AND ASKED PRICES OF THE
COMMON STOCK AS REPORTED BY THE NATIONAL ASSOCIATION OF SECURITIES
DEALERS, INC. THROUGH ITS AUTOMATED QUOTATION SYSTEM) HELD BY
NONAFFILIATES OF THE REGISTRANT WAS APPROXIMATELY \$24,249,888.

AS OF NOVEMBER 30, 1990, 18,333,382 SHARES OF COMMON STOCK OF THE
REGISTRANT WERE OUTSTANDING.

[*2]

PART I

ITEM 1. BUSINESS

Special Note

The Business section should be read in conjunction with "Item 7.
Management's Discussion and Analysis of Financial Condition and Results
of Operations," and the Introductory Notes thereto. See page 21.

General Development of Business

Financial News Network Inc. (the "Company" or "FNN") was incorporated in California and commenced operations in 1981. The Company is a full-time, national cable television network, providing a number of news and informational services to more than 35 million homes, according to September 1990 estimates measured by A.C. Nielsen Co. Infotechnology, Inc. ("Infotech"), a publicly held integrated information and communications concern, beneficially owns approximately 46% of the Company's common stock.

The Company's news and informational services include FNN:Business, a business news and information service; FNN:Business Radio; FNN:Sports, a sports information service; and FNN:Data Broadcasting which includes Data Broadcasting Corporation ("DBC"), a 99% owned subsidiary, and the assets of Lotus Information Network Corporation ("LINC") acquired by FNN. FNN:Data Broadcasting delivers real-time stock market quotes and information service to personal computers and hand-held devices. The Company owns an interest in The Learning Channel, Inc. ("TLC"), a national cable television network which provides adult educational and informational programming to approximately 21 million subscribers. The Company's interest, when coupled with the interest owned by Infotech, constitutes a 51% beneficial ownership of TLC. The Company also owns an interest in Shark Holdings, Inc. ("SHI"), a holding company which owns 100% of capital stock of Shark Information Services Corp. ("Shark"). Shark is primarily engaged in the distribution of financial market information, including quotes, financial news and analytical information to the financial professional market. The Company's interest, when coupled with the interest owned by Infotech constitutes a 100% beneficial ownership of SHI. See "Item 1. Business - Recent Developments."

During fiscal year 1990, the Company acquired the assets of LINC providing real-time stock market information using FM-sideband technology through two products -- Signal and QuoTrek. See "Item 1. Business - Recent Developments."

Also during fiscal year 1990, the Company and Infotech acquired the Shark professional market quote business from Wang Laboratories, Inc. See "Item 1. Business - Recent Developments."

[*3] [HARDCOPY PAGE 2]

In July 1989, the Company began providing programming and production services to Institutional Research Network, Inc. ("IRN") and later to IRN's new service, FNN:PRO, delivering video news and financial information to individual television sets and computer quote screens. When delivered in conjunction with the Shark terminal, FNN:PRO includes real-time trading quotes on stocks and bonds, as well as world and national news from several wire services.

The Company's programming from November 1981 to March 1985 consisted exclusively of FNN:Business, with its airtime progressively increasing from 7 hours on weekdays to 13 hours on weekdays by March 1985. As a result of an agreement with Anheuser-Busch, Inc., the Company commenced

24-hour daily broadcasting in April 1985, which included FNN:Business and FNN:Score, currently known as FNN:Sports, combined with certain independently produced programs. In August 1986, independently produced nighttime programming was eliminated to accommodate the introduction of a home shopping service through TelShop, Inc., a wholly owned subsidiary of FNN. In order to expand FNN:Business programming to 24 hours per day, the TelShop service was discontinued in May 1989.

The Company transmits its programming live and, in certain instances, on a tape delayed basis from its studios in Los Angeles, Chicago, New York City and Washington, D.C. and from other locations worldwide. The New York City studio provides the Company a suitable location from which to report events as they occur in the financial community and to attract guests and commentators with a high degree of expertise in financial matters.

Recent Developments

FNN:LINC

On December 20, 1989, FNN acquired substantially all of the assets and certain liabilities of LINC, a California corporation wholly owned by Lotus Development Corporation ("Lotus"). LINC has been in the business of distributing and delivering securities pricing information via FM subcarriers or satellite through its Signal and QuoTrek products to professional and nonprofessional investors and traders using personal computers and hand-held receivers, a business substantially similar to that of FNN:Data Broadcasting. The acquired assets consisted principally of data receivers and associated software, customer accounts, rights to software, intellectual property rights, and certain other assets including contract rights and interests in leases and tangible personal property. The Company has used the assets of LINC for the distribution of real time market data to private investors in connection with other services or products of FNN, or services or products to be developed by FNN, and by combining LINC's operation with that of FNN:Data Broadcasting, has become the dominant purveyor of real-time

[*4] [HARDCOPY PAGE 3]

securities pricing information to the nonprofessional and semi-professional investor market. For accounting purposes, the Company and Lotus agreed that the effective date of the transaction was September 30, 1989.

As part of the transaction described above, Lotus also agreed for a period of five years from the date of closing to refrain from engaging in certain competitive business activities. In addition, Lotus agreed for a period of six years following the closing date to remain a customer of the purchased enterprise at certain specified levels.

Shark

Infotech owns 51% and FNN owns 49% of all of the outstanding shares of

common stock of Shark Holdings, Inc., a Delaware corporation ("SHI") and a holding company that owned 100% of the outstanding shares of capital stock of Shark Information Services Corp., a Delaware corporation ("SISC"). On June 7, 1990, SISC acquired 100% of the outstanding shares of capital stock (the "WFISC Shares") of Wang Financial Information Services Corp., a Massachusetts corporation ("WFISC") from Wang Laboratories, Inc., a Massachusetts corporation ("WLI") pursuant to a Stock Purchase Agreement dated June 7, 1990 between SISC and WLI (the "Stock Purchase Agreement").

On June 7, 1990 after SISC's acquisition of the WFISC Shares SISC was merged into WFISC, with WFISC being the surviving corporation, pursuant to the terms of a Plan and Agreement of Merger dated June 7, 1990 between WFISC and SISC, resulting in WFISC being wholly owned by SHI. Simultaneously with this merger WFISC's name was changed to Shark Information Services Corp. ("Shark"). FNN and Infotech have entered into a Shareholders' Agreement dated June 7, 1990 relating to their ownership of SHI. During the three year period between June 7, 1992 and June 7, 1995, FNN has the right to purchase all of the shares of SHI held by Infotech based upon a formula set forth in the Shareholders' Agreement.

Shark is primarily engaged in the distribution of financial market information, including quotes, financial news and analytical information to the financial professional market. The assets of Shark consist primarily of hardware and software necessary for the distribution of such financial market information.

Prior to SISC's purchase of the WFISC Shares all of the outstanding WFISC Shares were owned by WLI. SISC paid cash consideration of approximately \$15.5 million for the WFISC Shares. The ultimate price of the WFISC Shares will be determined by an audit of the tangible net worth of WFISC as of May 31, 1990. In consideration for the sale of the WFISC Shares to SISC, WLI also received 5,000 shares of SHI Preferred Stock, \$100 par value, pursuant to the Preferred Stock Purchase Agreement dated June 7, 1990, among SHI,

[*5] [HARDCOPY PAGE 4]

WLI and Infotech. SHI's obligations to WLI pursuant to the Preferred Stock Purchase Agreement are guaranteed by Infotech.

The Learning Channel, Inc.

Pursuant to agreements dated November 1987 and December 1988 between FNN and Infotech (the "Share Exchange Agreements"), FNN acquired all of the outstanding shares of common stock of The Information & Service Network, Inc. ("ISN"), whose sole asset consists of 200,000 shares of common stock of TLC. In addition, FNN acquired the right to require Infotech to exercise its option to acquire a certain number of TLC shares and convey those TLC shares to FNN at cost.

In February 1990, FNN instructed Infotech to exercise its call option. According to FNN's and Infotech's analysis and the advice of their

investment bankers, the exercise price of the TLC option was significantly lower than market. When Infotech gave notice to the TLC holders of Infotech's exercise of the call option, the TLC shareholders gave notice of their exercise of a put option. A dispute arose among FNN, Infotech and the TLC shareholders as to the effect of the call option and the put option on the number of TLC shares of stock to which Infotech was entitled.

In settlement of the dispute, Infotech acquired 57,886 TLC shares as of August 14, 1990. In fulfillment of Infotech's obligation to FNN under the Share Exchange Agreements, which were amended as of August 28, 1990, Infotech sold to FNN 28,943 shares of TLC stock for an aggregate purchase price of \$434,145. In addition, Infotech granted to FNN an option for a period of one year from August 28, 1990 to acquire from Infotech an additional 28,943 shares of TLC stock for a purchase price based upon the number of shares of Infotech stock delivered to the TLC holders pursuant to the Settlement Agreement. Infotech will have the right, at its sole option, to receive as payment of the exercise price either cash or unregistered shares of FNN common stock.

FNN and Infotech have entered into an agreement with the American Community Service Network ("ACSN"), a 31.5% equity holder of TLC, to explore opportunities to sell their combined TLC holdings. On October 23, 1990, the Company announced that preliminary bids had been received from several parties for the 51% of TLC collectively held by the Company and Infotech. As of December 7, 1990, the Company has received an offer which it is currently considering. There is no assurance that a sale will be consummated.

Programming Additions and Changes

On February 29, 1988, the Company launched its first syndicated business program, This Morning's Business. The program is produced by FNN and is then syndicated by Viacom International, Inc., and

[*6] [HARDCOPY PAGE 5]

as of November 1990 airs on 165 stations, representing 87% of the U.S. market. The Company's initial 21-week contract has been renewed through February 1991.

Pursuant to an agreement with Unistar Radio Networks, Inc. ("Unistar"), an unrelated programming, marketing and promotion company, FNN produces and Unistar distributes a full-service national business radio network, entitled "FNN Business Headline News." Unistar also serves as the sales agent for FNN:Business Radio.

Consistent with its overall expansion strategy, on October 31, 1988 the Company expanded its programming of FNN:Business to prime time by adding 20 hours per week at night, while FNN:Sports and TelShop hours were reduced. In May 1989, TelShop was discontinued in order to expand FNN:Business and news programming to 24 hours per day.

Program Production

Program production provides support to two of the FNN services offered: 1) FNN:Business and 2) FNN:Sports. In addition, during fiscal year 1990, the Company provided program production support to IRN and the FNN:PRO service. Commencing in 1988, pursuant to a capital expansion program, FNN's programming capacity began to increase. As of June 30, 1990, \$24.9 million had been expended for the capital expansion program.

Programming for these services is produced by a staff of professional journalists, television and radio producers and reporters. Business and financial programming is produced from the Company's New York, Chicago, Los Angeles and Washington, D.C. studios while FNN:Sports programming is produced in the Company's Los Angeles studios.

The Company signed a five-year transponder contract with General Electric American Communications, Inc. effective April 1, 1988, and in September 1989, the Company entered into an agreement with Hughes Communications to lease a new satellite transponder beginning in 1992. See "Item 1. Business - Network Transmission" below. Similarly, TLC has entered into an agreement to lease a satellite transponder expected to be launched in 1993.

Description of Business

Set forth below are descriptions of FNN's major programming divisions or subsidiaries.

FNN:Media

FNN:Media consists primarily of two programming subdivisions called FNN:Business and FNN:Sports. Financial and business news programming provided by FNN:Business during the day is intended to appeal

[*7] [HARDCOPY PAGE 6]

primarily to persons interested in receiving a continuous flow of information relating to financial and business matters. These persons include private investors, professional investors and the general public. In addition, management believes that there is an increasing public interest in financial and business affairs, making the Company's programming of interest to the general population. Beginning in October 1988, business and financial news programming was expanded gradually and now comprises all weekday programming broadcast on FNN.

Daytime programming includes continuous up-to-the minute business news as well as stock, bond and commodity updates and analysis of the day's business events. The network's double-ticker provides continuous NYSE and AMEX quotes along with the only complete NASDAQ over-the-counter ticker. Effective October 31, 1988, consistent with the increase in prime time programming, nighttime programming became more broad-based, covering a wide range of personal money management issues, including stocks and bonds, real estate and collectibles, career planning, computers and international business.

Further additions to early morning international business and financial programming include live reports from London and Tokyo. Additionally, NHK-TV, a Japanese company, purchases the rights to FNN programming for use in Japan. On April 1, 1990, FNN began live broadcasting of a 30 minute program entitled "America's Business Today" to approximately 2.5 million homes in Japan which receive NHK's direct broadcast satellite service. As of October 1990, FNN also airs "Japan Business Today," a 30-minute program produced by NHK that provides the latest comprehensive details of economics and business in Japan and other Asian countries.

FNN:Sports, formerly FNN:Score, is broadcast on weekends and is intended to appeal primarily to persons who have a need for, or an interest in, receiving a constant flow of sports information, including viewers who seek continual updates on sports news and game scores. On September 9, 1989, FNN:Sports converted its format to continuous sports scores and highlights.

During the years ended June 30, 1990 and 1989, and the ten months ended June 30, 1988, the approximate revenue for FNN:Media, the percent of FNN's total revenue, the operating profit (loss), and the identifiable assets were as follows: 1990, \$36.1 million, 69%, (\$38.8) million and \$35.3 million, respectively; 1989, \$34.1 million, 76%, \$22.9 million, and \$28.4 million, respectively; and 1988, \$28.80 million, 90%, \$21.2 million, and \$18.1 million, respectively.

FNN:Data Broadcasting

Data Broadcasting Corporation ("DBC") was founded in 1984 by FNN, Infotech and by a subsidiary of Merrill Lynch & Co., Inc., in order

[*8] [HARDCOPY PAGE 7]

to expand and diversify FNN's revenue base and product offerings. Using proprietary technology developed by DBC via unused areas of television signals, known as the vertical blanking interval ("VBI"), DBC is able to transmit data at very high speeds to the FNN audience of over 35 million homes. On a contractual basis the DBC/VBI technology is utilized for data carrying by other entities since the FNN/MarketWatch (formerly DBC/MarketWatch) service uses only a small portion of the VBI data carrying capacity. The services of DBC also include customized portfolio tracking. Subscriber fees for FNN/MarketWatch range from consumer-based fees of \$90 to professional-based fees of \$510 per month (not including mandatory exchange fees), which management believes are less than those of comparable services.

In April 1986, DBC introduced its first product, DBC/MarketWatch, which provides stock and option information and portfolio management capability primarily to the individual investor and financial analyst markets via personal computers at a low cost. The objective of inserting and transmitting this data is to provide encoded information to be used by subscribers. This data is removed by a decoding device

for subsequent display on a standard personal computer. Utilizing a customer base already reached by the Company's signal, DBC provides a quote and financial information service to subscribers capable of receiving the Company's television programming.

In October 1984, the Company and DBC entered into a lease agreement whereby DBC was given the exclusive use of the Company's VBI communication lines. During the fiscal year ended August 31, 1987, DBC agreed to pay the Company based upon a formula tied to the number of dedicated cable subscribers and to the costs to FNN in providing access to the VBI. During the ten months ended June 30, 1988, the Company recorded approximately \$1.3 million as revenue from DBC. During the fiscal year ended June 30, 1988, FNN acquired Infotech's interest in DBC and DBC became a majority owned subsidiary of the Company.

The Company also entered into a three year advertising agreement with DBC whereby the Company earned an additional 1,360,000 shares of DBC common stock in consideration for DBC's use of the Company's advertising time.

Pursuant to an agreement effective March 1, 1988, the Company leased and licensed rights to its VBI technology through DBC to United Press International, Inc. ("UPI"), an organization 97% beneficially owned by Infotech which is engaged in the origination and compilation of news and information reports. The Company also has been developing a Universal Selector Box ("USB") to be used in the UPI Communications Network. During the ten months ended June 30, 1988, FNN billed UPI approximately \$1.9 million under this agreement for distribution, technology and development costs to modify the VBI delivery and database systems. During the fiscal

[*9] [HARDCOPY PAGE 8]

years ended June 30, 1990 and 1989, DBC billed approximately \$13.7 million and \$7.7 million, respectively, under this agreement. These billings were recorded as revenue in fiscal years 1988 and 1989, but not in 1990. In addition, no revenue was recorded from approximately \$4.0 million in billings to UPI for the USB service. See Notes 8 and 10 of the Notes to the Consolidated Financial Statements.

Subsequent to the acquisition of the LINC assets, FNN combined the operations of LINC and FNN/MarketWatch under a single operational and management structure. Doing business as FNN:Data Broadcasting, the combined operation is the dominant purveyor of real-time financial quotations to the non-professional and semi-professional investor market with an expanded product line including FNN:Signal, FNN/MarketWatch and FNN:QuoTrek, a hand-held quotation device. The Signal and QuoTrek products use an FM radio subcarrier delivery technology which complements the geographical reach of DBC:MarketWatch's VBI cable system delivery. The breadth of the pricing and features of the FNN:Data Broadcasting family of products range from a minimum service (\$55/month) to a highly sophisticated service (\$510/month), with several combinations of those services available.

During the years ended June 30, 1990 and 1989, and the ten months ended June 30, 1988, the approximate revenue for FNN:Data Broadcasting, the percentage of total revenue, the operating profit (loss), and the identifiable assets were as follows: 1990, \$16.6 million, 31%, (\$4.6) million, and \$38.6 million, respectively; 1989, \$10.5 million, 24%, \$8.3 million, and \$9.6 million, respectively; 1988, \$3.2 million, 10%, \$2.3 million, and \$5.3 million, respectively.

Data Broadcasting Technologies, Inc.

In January 1990, DBC formed a wholly owned subsidiary, Data Broadcasting Technologies, Inc. ("DBTI"), for the purpose of marketing data network services and DBC's proprietary VBI technology and associated hardware to other data users. DBTI has entered into an agreement with Verifone, Inc., an unrelated company, to provide VBI data receivers to Verifone for testing and developing their use in the financial payments market.

The Learning Channel, Inc. ("TLC")

TLC is a privately held, national cable television network, which provides adult educational and informational programming. The Company, together with Infotech, holds a 51% interest in TLC. See "Item 1. Business - Recent Developments."

TLC's programming includes general education and college accreditation courses as well as programming in the areas of lifelong learning for adults, with special emphasis in the areas

[*10] [HARDCOPY PAGE 9]

of business, finance and career growth; personal enrichment and personal skills; parenting; and community service information. TLC transmits its programming to more than 21 million subscribers.

TLC presently derives its revenues principally from cable operator fees, advertising sales, sponsored programming, video teleconferencing and book sales.

Shark

The Company has a 49% interest in SHI, which owns 100% of Shark, and is primarily engaged in the distribution of financial market information, including quotes, financial news and analytical information.

Shark is a leading provider to the professional trading and investment community of real-time financial market data, news, historical database access, analytic services, and network interconnects over a sophisticated private data network. Shark has two product lines: PC Shark and Market Link. The PC Shark is an IBM-compatible, PC-based product which typically generates \$600 of revenue per month in the trader market and \$150 of revenue per month in the retail market. Market Link is a PC and minicomputer software product line which

generates an average monthly revenue per workstation of \$160 with a subscriber base of approximately 600. In addition, over the last year and a half, Shark has concentrated on widening its breadth of information services and specifically has initiated a marketing effort targeted at the retail brokerage market.

Financial News Composite Index

In April 1985, the Company introduced its Financial News Composite Index ("FNCI"), a broad-based, price weighted index of 30 stocks. The FNCI is computed every 15 seconds and reported as an integral part of the FNN ticker every 90 seconds in the Market Summary.

In September 1985, the Company sublicensed its rights to the FNCI to INTEX Partners, a Virginia limited partnership ("INTEX"). INTEX has developed an automated services trading system which uses the FNCI as a basis for the settlement of futures and options contracts. The sublicense term is for 15 years and provides that INTEX shall pay FNN a \$.025 royalty per executed contract. See Note 10 of Notes to the Consolidated Financial Statements.

Program Distribution

The Company distributes its programming throughout the United States, Canada and the Caribbean principally via affiliated cable systems. Cable systems are considered to be "affiliated" with the Company when they have contracted with the Company to carry its programming and have agreed to pay the appropriate affiliate fees.

[*11] [HARDCOPY PAGE 10]

Presently, the Company distributes its programming to cable systems which reach in excess of 35 million homes. The programming is distributed in all the top 30 markets in the United States (determined by number of potential viewing subscribers) and 1991 will mark the Company's tenth year of operation.

Cable television systems typically offer viewers, for a basic charge, a package, known as the "basic" service, which generally includes the signals of super-stations, certain special services such as news network programming or weather services, and locally generated programming, most of which come to the cable system at little or no cost. Most of the Company's programming is included in the basic subscriptions offered by its affiliated cable systems. For an additional charge, many systems offer additional programming tiers which generally feature programming received via satellite. The amount of programming which can be offered by a system to its subscribers depends upon its channel capacity, which generally varies from 12 to 100 channels. The competition for available channels within the systems among cable programming suppliers, including the Company, increases to the extent that the channel capacity of these systems is depleted. See "Item 1. Business - Network Transmission" below.

Affiliates carrying FNN 24 hours per day were charged on a per subscriber basis at the rate of up to 3 1/2 cents through June 1989 and up to 5 1/2 cents from July 1989 to June 1990. Effective July 1990, such affiliates are charged 7 1/2 cents, with discounts available to multiple system operators ("MSO's") providing large numbers of subscribers.

The Company has a number of affiliate contracts which extend to 1993 and beyond. Substantially all of these contracts contain provisions for annual price escalations. Certain of the Company's agreements with its largest affiliates do not require the affiliates' systems to carry FNN programming or permit reductions, under specified terms, in the number of systems that are required to carry FNN programming. In certain cases, such agreements may be cancelled by the affiliates prior to their term upon the occurrence of certain events (such as a change in control or bankruptcy of FNN) or with the passage of time following notice. The Company's agreement with Tele-Communications Inc. ("TCI") permits TCI to terminate the agreement upon 30 days notice. TCI has informed the Company that this provision is contained in substantially all of its recent carriage contracts. On December 6, 1990, TCI informed the Company of its concerns that any prospective purchaser, of FNN should be made aware of TCI and affiliated companies' rights under the TCI agreement.

The overall number of affiliates and subscribers for the last three fiscal years has steadily increased due to both the Company's use of a more experienced sales staff and the increase in the Company's exposure to the public over the period. The table below reflects

[*12] [HARDCOPY PAGE 11]

the historical number of cable subscribers according to Nielsen NTI (estimates measured by the A.C. Nielsen Co.):

June 30,	Subscribers
1986	17,180,000
1987	23,598,000
1988	30,124,000
1989	30,658,000
1990	33,693,000

Flat subscriber growth in fiscal year 1989 corresponds with the April 1989 launch of CNBC, after which FNN:Media was dropped by several cable systems. Despite intensified promotional spending by CNBC in fiscal year 1990, FNN:Media's subscriber base has experienced renewed growth. As of September 1990, the Company had approximately 35 million subscribers according to Nielsen NTI.

Network Transmission

The Company transmits its programming to its affiliates via a geosynchronous communications satellite. The signals are then distributed through the affiliated systems' cables to subscribers.

Pursuant to an agreement with General Electric American Communications, Inc. ("GE"), the Company leases a satellite transponder for five years. Effective April 1, 1988, the Company's commitment under this agreement progressively increases from \$50,000 to \$105,000 monthly, with payments of \$145,000 for a period of time, until the end of the life of the satellite, expected to be December 1992.

In September 1989, the Company entered into an agreement with Hughes Communications to lease a new satellite transponder beginning in 1992. The agreement includes payment of a launch backup fee prior to delivery of the transponder and payment of monthly lease and other fees beginning at the time of delivery. Delivery is scheduled for early 1992. The agreement extends for nine years following the delivery date. While the monthly fees are expected to be substantially higher than the fees currently paid by the Company, the Company believes carriage on this satellite will facilitate the Company's ability to market FNN's services to segments of the marketplace not currently being served.

The Company also leases microwave systems and uplinks in Los Angeles and New York City, which are used to transmit the program signals to the satellite transponder. Although the Company is aware of recent litigation involving personal injury allegedly caused by microwave transmissions, the Company is not presently involved in any such disputes.

[*13] [HARDCOPY PAGE 12]

The Company faces the risk of business interruption in the event of failure in the chain of transmission, or the termination of its right to use any of the transponders. In the event that either the transponder or the satellite itself were to become inoperative, GE is required, by the terms of the agreement, to provide the Company with a substitute transponder or a transponder on a back-up satellite, if available. GE has notified the Company that GE will be transferring satellite service from SATCOM F3R to SATCOM F1R and that such transition, expected to occur in January, will affect the Company's service only briefly.

The Company knows of no instances in which a user has suffered an interruption of transponder service for a period of time which, if experienced by the Company, would materially and adversely affect the operations of the Company, although there is no assurance that such an event will not occur. The Company believes that there is currently a supply of available satellite transponders for use in its business that are obtainable on short notice as replacements in the event of failure of its transponders.

Some of the Company's actual and potential cable affiliates are limited in the number of satellites from which they can receive programming by the number and types of receiving dishes which they use. The Company will, therefore, continue to monitor the number of actual and potential

affiliates which are able to receive the Company's programming, and to make appropriate adjustments in its distribution where necessary.

Revenue Generation

As described below, the Company derives revenues principally through 1) the sale of advertising time to financial services, business sponsors and other national advertisers, 2) cable affiliate fees, 3) subscription sales of FNN/MarketWatch, and 4) lease, licensing, cost recovery, distribution, sale and transmission rights of the DBC/VBI technology. In addition, during fiscal year 1990, the Company provided program and production services to IRN/FNN:PRO, but will only recognize revenues from this activity when cash is received from IRN. See "Item 7. Management's Discussion & Analysis".

Advertising Sales

Advertising time is sold in the form of 15, 30, 60, 90 and 120-second commercial "spots" to both national and direct response advertisers. In addition, between 3:00 a.m. and 5:30 a.m. advertising time also consists of paid programming known as "infomercials" which average 30 minutes in length. The Company also accepts independently produced sports programming in time slots beginning 11:00 p.m. on Saturdays and Sundays. There are approximately 360 minutes of commercial time formatted for each 24 hour day. Inventory may be preempted on an occasional basis for

[*14] [HARDCOPY PAGE 13]

special news programming. A portion of the commercial time is allocated for use by the local affiliated cable systems. Most of the commercial time is available for sale to national advertisers and direct response advertisers. The price for such spots varies depending upon the time of day the spot will be telecast and upon other market factors. In addition to cash arrangements, the Company also enters into trade and barter agreements with advertisers. See Notes 2 and 15 of Notes to the Consolidated Financial Statements. In general, the Company's ability to be profitable depends, among other factors, upon its ability to successfully sell advertising time by attracting and maintaining a viewer audience of sufficient size.

During the fiscal year ended June 30, 1990, no single advertiser accounted for more than 10% of the Company's non-trade net advertising revenues. In April 1989, the Company decided to substantially reduce its advertising known as infomercials and replaced them with 15, 30, 60, 90 and 120-second commercials. The revenues foregone as a result of this decision were recovered in part by advertising revenues from national and Fortune 500 accounts during fiscal year 1990. The Company's advertising revenues are seasonal, with advertising revenues being reduced by approximately 20% in January and February due to the traditional limited spending after the holidays. Advertising revenues are similarly reduced by approximately 20% in July and August. For fiscal years 1990, 1989 and 1988 (ten months), advertising revenue totalled approximately \$21.7 million, \$24.5 million and \$22.6 million,

respectively.

The Company has a full-time advertising sales staff of 42 persons, with headquarters in New York City and branch offices in Los Angeles and Chicago.

Cable Affiliates

The Company charges affiliates for programming at a rate calculated on a per subscriber basis. The current rate of this "Cable Affiliate Fee" is 7 1/2 cents per subscriber per month for systems carrying FNN 24 hours per day with discounts to multi-system operators providing large numbers of subscribers. See "Item 1. Business - Program Distribution" above.

Revenue from FNN/MarketWatch

Revenue from FNN/MarketWatch represents subscription fees paid for customized portfolio tracking, using real-time stock quotes, and for business information.

Lease, Licensing, Cost Recovery, and Distribution of VBI

The Company charges UPI for use of its VBI technology. During the fiscal year ended June 30, 1990, the Company billed approximately \$13.7 million to UPI for lease and license rights to the VBI

[*15] [HARDCOPY PAGE 14]

technology, cost recovery for customized development and programming, and distribution fees. In addition, the Company has been developing a USB to be used in the UPI communications network. During the fiscal year ended 1990, the Company billed approximately \$4.0 million to UPI for the USB service. No revenues were recorded for either of these items for reasons stated below in "Item 7. Management's Discussion and Analysis." See also Notes 8 and 10 of Notes to the Consolidated Financial Statements. During the fiscal year ended June 30, 1989, and the ten months ended June 30, 1988, the Company recorded \$7.7 million and \$1.9 million, respectively, in VBI distribution fees and other revenues from UPI.

Program and Production Services to IRN/FNN:PRO

The Company charges IRN for use of its tape and graphics library, use of the FNN logo, use of the Company's facilities and rebroadcast rights. During fiscal year 1990, the Company billed approximately \$21.4 million to IRN for these services. The current financial condition of IRN raises concern about the ultimate collectibility of these amounts and therefore the Company will not recognize these amounts as revenue until such time as cash payments are received from IRN.

Research and Development

During the fiscal year ended June 30, 1990, the Company expensed approximately \$9.2 million in conjunction with development of a new product for the investment community called FNN:PRO. (See "Item 7. Management's Discussion and Analysis" - Investment in the Development of FNN:PRO").

During the fiscal year ended June 30, 1990, the Company expensed approximately \$970,000 on market research. The expensed amount for market research during the fiscal year ended June 30, 1989 and the ten months ended June 30, 1988 was approximately \$1.1 million and \$627,000, respectively. The Company does not have any other substantial expenditures on research and development.

Patent and Trademarks

The Company entered into a license agreement in April 1983 with Cycliphase for an exclusive ten-year license to the television broadcast use of certain Cycliphase software and stock market data. See Note 10 of the Notes to the Consolidated Financial Statements.

In December 1989, the Company acquired the assets of LINC which included the right, title and interest in all patents, copyrights, and trademarks associated with LINC's QuoTrek and Signal products.

[*16] [HARDCOPY PAGE 15]

Employees

Of the Company's 345 employees, 234 are engaged in production in programming for the Company. This staff includes executive personnel, technical staff (e.g., directors, camera and lighting personnel and engineers) and newsroom staff (e.g., producers, assistant producers and on-air reporters). In addition, the Company has contracted with approximately 160 free-lance professionals who generally work on a project basis in the programming and production areas.

Competition

The Company competes for advertising revenue with other television and cable networks, radio and the print media. Similar to other broadcasting companies, the Company relies principally on its advertising sales staff for obtaining advertising sales. See "Revenue Generation - Advertising Sales." As of November 1990, to the best of the Company's knowledge, Cable News Network's Money Line, CNN's Headline News, Consumer News and Business Channel ("CNBC") and Nation's Business on the Entertainment Sports Program Network ("ESPN") are the only cable programs competitive with FNN's business programming. In disseminating financial information, however, the Company could also be seen as competing with such print media entities as Investor's Daily, The Wall Street Journal and its sister publication, Barron's. In addition, the Company's sports programming, FNN:Sports, competes with ESPN, Sports News Network, and regional sports services.

Like all cable networks, the Company competes for available channels on all cable systems, most of which carry 35 channels of programming, including "premium" channels and the "basic" channels on which FNN programming is carried. On certain cable systems, the Company shares its channel with unaffiliated cable networks which transmit programming during prime time. This can result in limitation or curtailment of FNN or other cable networks' programming in some instances. For example, the Company's largest cable system operator recently expressed the likelihood of FNN programming being deleted on some of its systems (representing approximately 1.3% of homes presently reached by FNN) as a result of the expansion of an unaffiliated cable network to 24-hour programming.

For several years local television stations in Los Angeles and Chicago have broadcast financial and business news during daytime hours. In addition, certain other cable networks and broadcast television programmers produce and distribute more limited segments of financial news which are telecast in different parts of the country on both a commercial and noncommercial basis.

[*17] [HARDCOPY PAGE 16]

Financial Information on Industry Segments

Financial information about the Company's operating segments is set forth in Note 16 of the Notes to the Consolidated Financial Statements and is incorporated herein by this reference.

ITEM 2. PROPERTIES

The Company owns no real estate. As of November 30, 1990, the Company leased in total 100,170 square feet of office space. The Company's principal place of business is located in New York City, occupying 18,000 square feet. Leased space is also located in Los Angeles occupying 42,000 square feet (20,000 square feet for studios), Washington, D.C., Chicago, San Mateo, California and Fairfax, Virginia. These various leases expire between December 28, 1990 and March 1, 1998. The total annual lease costs for these facilities was approximately \$3.1 million in fiscal year 1990, including approximately \$103,000 per month for the Los Angeles facility. The lease for space in New York City is due to expire on December 28, 1990. The Company currently leases approximately 25% of this space to Infotech and management believes that the terms of the sublease are substantially equivalent to terms which could be obtained from non-affiliated parties. In an effort to achieve a substantial reduction in overhead costs, however, the Company is currently engaged in negotiations to relocate its corporate offices within New York City during January 1991.

ITEM 3. LEGAL PROCEEDINGS

The Company has been named as a defendant, along with certain directors and officers or former directors and officers of the Company and

others, in a consolidated purported class action filed in the U.S. District Court for the Central District of California. The consolidated action, Edward Spett, et al. v. Earl W. Brian, et al., Case No. 90-5316 HLH, filed October 2, 1990, alleges violations of Section 10(b), and Rule 10b-5 thereunder, and Section 20 relating to disclosures in filings with the Securities and Exchange Commission ("SEC"), press releases and other public communications and a series of related party transactions. The consolidated complaint also makes state law claims for negligent misrepresentations and fraud and deceit. Plaintiffs are seeking compensatory and punitive damages, as well as prejudgment and post-judgment interest, together with reasonable costs and fees. The Company has been named as a nominal defendant, and its directors, a former director, and certain officers or former officers have also been named as defendants in a purported derivative lawsuit, Howard Greenwald, et al. v. Earl W. Brian, et al., Case No. BC012084 filed in the Los Angeles Superior Court on October 4, 1990 alleging, among other things, breaches of duties of loyalty and care and mismanagement. Plaintiffs are seeking damages as well as costs and fees associated with the action.

[*18] [HARDCOPY PAGE 17]

The Company has been named as a defendant in three lawsuits by companies from which the Company leased certain equipment. The suits, Amplicon, Inc. v. Financial News Network Inc., Infotechnology Data Resources, Inc. and United Press International, (Cir. Ct. of Fairfax County, Law No. 100836), Amplicon, Inc., v. Financial News Network Inc., and United Press International, (D.C. Sup. Ct. Civ. Act. No. 90-CA12905), First Tennessee Equipment Finance Corporation v. Financial News Network Inc., Ally Capital Corporation and Leatec Income Fund V, (U.S. Dist. Ct. M.D. Tenn. Case No. 390-0971), filed November 7, 1990, and Dollar Dry Dock Bank v. Financial News Network, Inc., (U.S. Dist. Ct. S.D.N.Y.) allege default of certain lease agreements and seeks payment of the lease obligations and the return of equipment leased to the Company.

The Company has been named as a nominal defendant in a purported class action, Carl Wright and Bernard Masters, et al. v. Daniel Craig Masters, et al., (U.S. Dist. Ct. S.D.Cal. Case No. 89-1513G) filed on October 26, 1990 alleges, among other things, that an advertisement broadcast on FNN aided and abetted a financial fraud. Alleged actual, compensatory and punitive damages are sought by this action.

The Company has been named as a defendant in an action filed October 30, 1990, Vestech Trading Co. v. Financial News Network and Data Broadcasting Corp., (U.S. Ct. N.D. Ohio) alleging breach of an agreement between the parties and seeking certain alleged actual, compensatory and punitive damages.

On October 25, 1990, the Company learned that the SEC had issued a formal order of investigation with respect to possible violations of certain provisions of the Securities Exchange Act of 1934, and rules thereunder regarding the Company's financial reports, transactions with

related companies, accounting matters and internal controls, and on October 26, 1990, the SEC subpoenaed certain financial and other records of the Company. The SEC has also subpoenaed certain documents and materials from officers, directors, former independent auditors and related companies of FNN. The Company is cooperating with the SEC in the investigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

[*19] [HARDCOPY PAGE 18]

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Principal Market and Prices

The Company's common stock, no par value (the "Common Stock") is traded in the over-the-counter market on the NASDAQ National Market System under the symbol FNNIE. Prior to August 1990, the Common Stock was also listed on the Boston Stock Exchange under the symbol FNN.

In a letter dated October 3, 1990, the National Association of Securities Dealers, Inc. ("NASD") informed the Company that, by failing to file its Annual Report on Form 10-K in a timely fashion, the Company was in violation of one of the listing qualifications the NASD. Because of that violation, the Company became subject to deletion of its stock from the NASDAQ National Market System. On November 19, 1990, the NASD granted the Company a temporary exception to the listing requirement, until December 7, 1990. Because of its non-compliance with the NASD rule, the NASD has added a fifth character, "E", to the Company's trading symbol since October 18, 1990. Accordingly, that symbol has appeared as FNNIE.

Additionally, the audited financial reports of the Company for the fiscal year ended June 30, 1990 show that the Company is not in compliance with the NASD listing requirement regarding capital and surplus. Because of that non-compliance, the Company's securities remain subject to deletion from the NASDAQ National Market System.

The range of high and low bid quotations for the Common Stock as reported by NASDAQ for each quarterly period during the fiscal years ended June 30, 1990 and 1989 is shown below:

	High	Low
1990:		
First Quarter	\$8.375	\$6.375
(07/01/89 to		

09/30/89)		
Second Quarter	7.875	6.125
(10/01/89 to		
12/31/89)		
Third Quarter	7.875	6.375
(01/01/90 to		
03/31/90)		
Fourth Quarter	9.75	6.50
(04/01/90 to		
06/30/90)		

[*20] [HARDCOPY PAGE 19]

	High	Low
1989:		
First Quarter	\$ 8.625	\$6.625
(07/01/88 to		
09/30/88)		
Second Quarter	8.375	5.125
(10/01/88 to		
12/31/88)		
Third Quarter	10.125	7.125
(01/01/89 to		
03/31/89)		
Fourth Quarter	8.750	7.000
(04/01/89 to		
06/30/89)		

As of November 30, 1990, there were 3,170 holders of record of the Company's Common Stock. The closing bid price of the stock on that date was \$2.50 per share.

The Company has never paid a dividend. Certain bank loan covenants, explained more fully in Note 7 of the Notes to the Consolidated Financial Statements, restrict the declaration and payment of dividends. The Company anticipates that it will retain future earnings, if any, for operations and therefore does not expect that dividends will be declared during fiscal year 1991.

[*21] [HARDCOPY PAGE 20]

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share amounts)

	Ten Months Ended	Year Ended
Year Ended June 30,	June 30,	August 31,
1990	1989	1988
		1987
		1986

(Unaudited) (*)

REVENUES:

Advertising:

Unaffiliated, net	\$ 21,536	\$23,528	\$21,075	\$18,010	\$12,644
Related parties, net	168	929	1,477	4,717	528
Total advertising	21,704	24,457	22,552	22,727	13,172

Revenue from

related parties	856	8,470	3,907	2,595	100
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Cable affiliate

fees	11,137	8,608	4,429	3,714	2,038
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Market quotation

services and					
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subscriptions	15,436	2,333	927	-	-
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Interest	385	138	89	149	98
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Other	3,094	602	40	-	-
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Total revenues	52,612	44,608	31,944	29,185	15,408
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COSTS AND EXPENSES:

Programming,

production and					
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operating expenses	38,563	10,854	7,979	7,371	6,497
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Selling, general

and administrative	40,411	19,193	12,169	11,604	6,433
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Depreciation and

amortization	15,681	5,475	2,437	804	513
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Payments of monies

received by and					
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accounts receivable					
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from United Press					
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International, an					
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affiliate, net	22,558	-	-	-	-
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Interest	4,379	306	96	13	182
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Total costs and

expenses	121,592	35,828	22,681	19,792	13,625
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INCOME (LOSS) FROM

CONTINUING

OPERATIONS BEFORE

EQUITY IN INCOME

(LOSSES) OF

INVESTEES	(68,980)	8,780	9,263	9,393	1,783
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Equity in (losses)

of investees	(305)	(765)	(1,955)	(2,988)	(357)
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INCOME (LOSS) FROM

CONTINUING

OPERATIONS BEFORE INCOME TAXES	(69,285)	8,015	7,308	6,405	1,425
NET INCOME (LOSS)	\$ (72,361)	\$ 3,003	\$ 4,705	\$ 4,576	\$ 1,284
NET INCOME (LOSS) PER SHARE:	\$ (4.00)	\$ 0.17	\$ 0.30	\$ 0.38	\$ 0.12
Cash dividends per common share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Working capital (deficit)	\$ (96,817)	\$ 6,605	\$ 752	\$ 731	\$ 2,105
Total assets	92,958	57,608	42,509	17,929	8,916
Long-term debt	-	3,842	-	-	-
Equity (deficit)	(33,471)	37,916	29,630	11,342	5,649

(*) See "Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure."

[*22] [HARDCOPY PAGE 21]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introductory Statement

On November 29, 1990, the Company announced an anticipated net loss of approximately \$72.5 million for fiscal year 1990. The net loss as shown on the financial statements included in this Form 10-K is \$72.4 million. This loss was significantly different from the trends previously reported by the Company in its interim filings on Form 10-Q for the first three quarters of fiscal year 1990. The magnitude of the loss was affected by significant factors, including the accounting for certain related party transactions which was changed as a result of a comprehensive review conducted by the Company and its new independent auditors. These factors, coupled with substantial operating losses, caused the Company to report a loss significantly greater than that anticipated by the Company prior to the substantial completion of audit work by the new auditors. Specifically, these factors involved leasing transactions; payment of funds to UPI; investment in the development of a new product called FNN:PRO; and the adoption of the cash basis of reporting income associated with two major contracts, one with UPI and the other with IRN.

The Company is in the process of revising its first three quarterly reports on Form 10-Q for fiscal year 1990 to reflect adjustments associated with these matters. The following paragraphs elaborate on these matters. The Company has been named as a defendant in shareholder lawsuits and is a subject of a formal investigation being conducted by the Securities and Exchange Commission regarding possible reporting and disclosure violations. See "Item 3. Legal Proceedings".

Leasing Transactions

During fiscal year 1990, primarily the latter half of the year, the Company was a party to lease transactions totalling approximately \$51 million. During the course of the year-end audit conducted by the Company's new independent auditors, the Company and its independent auditors reviewed these transactions. As a result of this review, the Company concluded that a substantial number of these lease transactions were entered into on the basis of inadequate documentation.

Additionally, the valuations on which the Company had relied were higher than the values subsequently accorded to certain of the leased equipment. All of these leases have been characterized as "Obligations to Leasing Companies" rather than capitalized leases on the Company's balance sheet. Further, because of defaults under the terms of the leases, these obligations have been classified as current liabilities. The Company is currently negotiating on an active basis with the leasing companies to amend the leases or obtain waivers for any

[*23] [HARDCOPY PAGE 22]

defaults. See Notes 8 and 10 of the Notes to the Consolidated Financial Statements for further discussion of these transactions. Subsequent to June 30, 1990 the Company incurred additional lease obligations in the approximate amount of \$15 million.

Payments to UPI

A portion of the proceeds from the leasing transactions referred to above were used to fund transactions with UPI. The effect of recognizing the economic substance of this activity resulted in a charge to the Company's Statement of Operations of approximately \$17 million in fiscal year 1990.

Investment in the Development of FNN:PRO

The Company, in conjunction with other related parties, undertook the development of a new product for the investment community. This product, called FNN:PRO, was being developed by IRN. During fiscal year 1990, the Company provided net funding to IRN of approximately \$9.2 million for product development, which funding was originally capitalized by the Company as part of a \$28.9 million note receivable from IRN to the Company, the balance of which is the unrecognized revenue discussed below. The Company has now recorded this \$9.2 million net funding as an expense in its Statement of Operations since the net realization of this asset is contingent upon the future success of IRN and FNN:PRO, which success cannot be ascertained at this time, in part because of the current major retrenchment in the brokerage and investment banking industry. Subsequent to June 30, 1990, the Company funded and expensed approximately \$15 million of additional development costs for FNN:PRO.

Adoption of the Cash Basis of Reporting Income for Transactions with UPI and IRN

The Company entered into certain contractual relationships with UPI in fiscal year 1988, and with IRN beginning in fiscal year 1990, which are more fully discussed in Note 10 of the Notes to the Consolidated Financial Statements. As a result of these contractual arrangements, the Company issued invoices to these entities of approximately \$17.7 million to UPI and \$21.4 million to IRN for fiscal year 1990. In its interim reports filed on Form 10-Q for fiscal year 1990, the Company recorded these billings as revenue. The Company now believes that the collectibility of these billings is in question because of the depressed financial condition of both UPI and IRN. Accordingly, the Company has reversed all fiscal year 1990 revenue associated with these billings and has determined to record revenue on a cash installment basis from these entities, provided that such payments when received result from cash generated by operations or unrelated third party financing.

[*24] [HARDCOPY PAGE 23]

During fiscal year 1990, UPI did in fact remit \$16.5 million against billings of \$17.7 million issued in fiscal year 1990 and against unpaid balances due the Company from UPI outstanding since fiscal year 1989. However, because such payments were made by UPI from funds received in part from the leasing transactions involving the Company described above, no revenue has been recorded by the Company from these receipts.

Summary

The factors discussed above had a cumulative negative impact on the Company's Statement of Operations for the year ended June 30, 1990 of approximately \$65.0 million. Other events and transactions contributing to the \$72.4 million net loss for the year are discussed in the "Comparison of Fiscal Year 1990 to Fiscal Year 1989" section of this Item 7. Management's Discussion and Analysis.

Based on its recently completed review, the Company now believes that funds received from bank and leasing obligations were used to finance substantial operating deficits at the Company and its subsidiaries and to develop new programming by the Company and IRN for the FNN:PRO product, and that a portion of such funds was paid to UPI. As previously reported, the Company's cash flow is not adequate to cover its operating costs and service its financial obligations. The Company has commenced sale or other disposition of some or all of its assets and has been engaged in extended discussions with its banks and leasing company institutions for waivers until such disposition can be achieved.

Shareholders' Litigation and Securities and Exchange Commission Investigation

On October 1, 1990, following communications from and a meeting with Deloitte & Touche ("Deloitte"), its then independent auditors, over the preceding weekend, the Company reported on Form 12b-25 that it would be

unable to file its Annual Report on Form 10-K for the year ended June 30, 1990 by the required due date and issued a press release indicating that it had a number of disagreements with Deloitte. After further discussions with Deloitte and the recommendation of the Audit Committee of the Board of Directors, the Company terminated the engagement of Deloitte. Shortly after the announcement of these events, shareholder suits were filed against the Company and a formal order of investigation was issued by the Securities and Exchange Commission. See Note 11 to the Notes to the Consolidated Financial Statements for further information on these matters.

[*25] [HARDCOPY PAGE 24]

Special Committee Investigation

In the course of the uncompleted 1990 audit conducted by Deloitte, the Company's Executive Committee was advised on July 18, 1990 that Deloitte had concerns about certain transactions involving the Company's then [redacted]. In an appearance before the Executive Committee, [redacted] denied any impropriety and indicated that he would provide a full and satisfactory explanation of all questions raised by the auditors. Ultimately, however, despite negotiations with [redacted] through his counsel, which extended until October 11, 1990 when he was terminated, [redacted] declined to be interviewed or to respond to written inquiries. On July 18, 1990, the Executive Committee placed [redacted] on paid leave of absence as [redacted], assigning him to external consulting duties, ordered his office secured and excluded him from the Company's accounting functions and staff. In addition, the Executive Committee designated a Special Committee comprised of directors [redacted] to conduct, with the assistance of the Company's financial staff, legal counsel and independent auditors, Deloitte, an immediate inquiry into the concerns raised by Deloitte. The Special Committee ultimately concluded that [redacted] had caused compensation payments to be made for his benefit which were not properly authorized and not properly identified on the Company's books in the aggregate amount of \$794,061 during fiscal 1990. Through his counsel, [redacted] claimed that such payments were earned by him as incentive compensation for arranging financing for the Company. See "Item 11. Executive Compensation - Compensation Pursuant to Plans" for further information. [redacted] was terminated on October 11, 1990 by the Company's Board of Directors. The Company is considering means of recovering such amounts from [redacted] including litigation.

In addition, the Special Committee concluded that, under [redacted] direction, payments aggregating \$1,004,640 had been transferred by the Company to an offshore bank account owned by a newly acquired subsidiary and had been improperly recorded as expenses. These amounts were recovered and returned to the Company and the expense entries reversed. The Special Committee determined that the subsidiary was apparently established and funded in anticipation of a legitimate business purpose, but the methods of transfer and the recording of the payments were not proper. The Committee and Deloitte also determined

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b7C

that a large amount of funds derived from financing transactions with leasing companies had been deposited in bank accounts maintained by an entity controlled by the Company which had in effect acted as the agent for the Company and UPI in the transactions. These accounts were not originally recorded on the Company's books, but the Company believes that all material amounts have been accounted for and are now reflected on the Company's financial statements.

[*26] [HARDCOPY PAGE 25]

The Special Committee reviewed and reported on other matters concerning the conduct of [] and certain members of his staff, and certain aspects of the Company's internal controls and accounting records.

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In addition, in the later stages of the uncompleted Deloitte 1990 audit, a number of other audit and accounting issues arose which were determined to be beyond the scope of the Special Committee's inquiry. These issues were identified to the Company's Audit Committee and Board of Directors for resolution with Deloitte and were under discussion with Deloitte, and an independent accounting expert, who advised the Company as to certain issues, through the weekend of September 28 through September 30, 1990 at which time Deloitte advised the Audit Committee of its probable disagreement with the Company's management as to certain of the issues, based on information then available to Deloitte. During late August and the month of September, the Company and Deloitte also conducted several inventory sampling procedures. Certain members of the Board participated in those procedures. Based on the results of those procedures, it was the belief of the participating Board members and the Company's management that substantially all inventory carried on the books of the Company, and subject to lease, had been located. The Company and Deloitte were discussing additional inventory verification and valuation procedures at the time of Deloitte's termination. The audit and accounting issues were called to the attention of the Company's successor auditors, Coopers & Lybrand.

Comparison of Fiscal Year 1990 to Fiscal Year 1989

During fiscal year 1990, the Company recorded a net loss of approximately \$72.4 million or \$4.00 per share. Additionally, the Company is currently in default on its borrowings with its principal banks as well as its financing obligations with numerous leasing companies.

Results of Operations

Advertising revenues declined approximately \$2.8 million or 11.3% between fiscal year 1989 and fiscal year 1990. This decline was due to four reasons. First, time allocated to infomercials was substantially decreased beginning late in fiscal year 1989. Second, the commercial rates for spot advertising compared to those rates charged for infomercials is lower. Third, the conversion to primarily spot advertisers resulted in a reduction in available inventory for sale.

Fourth, there was a decline in audience ratings for the latter portion of the fiscal year which affected the rates the Company could charge. By eliminating most infomercials the Company lost approximately \$6.7 million of annual advertising revenues. These revenues were in part recovered by advertising revenues from national and Fortune 500 accounts during fiscal year 1990. The Company's ability to continue to attract new

[*27] [HARDCOPY PAGE 26]

advertising business will be associated with uncertainties common to the cable television industry and with recent uncertainties associated with its own financial condition.

Revenue from cable affiliates fees rose approximately \$2.5 million or 29.4% as the Company continued to execute contracts with price increases with the cable television community.

No significant revenue from related parties was recorded in fiscal year 1990 as the Company decided to record such revenue on a cash installment method. Related party billings of approximately \$39.1 million were issued by the Company in fiscal year 1990 consisting of approximately \$21.4 million to IRN and \$17.7 million to UPI, for which no revenue was recorded. Related party services revenue, principally from UPI, was recorded as approximately \$8.5 million in fiscal year 1989. See Note 10 of the Notes to the Consolidated Financial Statements.

Revenues from market quotation services and subscriptions increased from approximately \$2.3 million in fiscal year 1989 to \$15.4 million in fiscal year 1990, an increase of \$13.1 million. This increase is almost entirely attributable to revenues obtained after the Company's acquisition of LINC in December 1989. See Note 3 of the Notes to the Consolidated Financial Statements.

The net result of the revenue increases from the LINC acquisition and the Company's billings to cable affiliates, offset by declines in advertising revenues and non-recognition of related party revenues, was a total revenue increase from \$44.6 million in fiscal year 1989 to \$52.6 million in fiscal year 1990.

Programming, production and operating expenses increased by \$27.7 million, from \$10.9 million in fiscal year 1989 to \$38.6 million in fiscal year 1990. The increase was due in part to the acquisition of LINC which accounted for nearly one-half of the increase. In addition, in late fiscal year 1989 the Company discontinued its TelShop home shopping service and replaced this form of programming with expanded business and financial programming during prime-time hours. This expanded coverage required the Company to increase its operating expenses. Finally, the Company recorded approximately \$9.2 million of net development expenses related to funding of development of the FNN:PRO product through IRN. See Note 10 of the Notes to the Consolidated Financial Statements.

Selling, general and administrative expenses increased from \$19.2 million in fiscal year 1989 to \$40.4 million in fiscal year 1990, an increase of \$21.2 million. Most of this increase is attributable to operating lease transactions at the Company during fiscal year 1990, increased sales and marketing costs associated with promoting FNN's expanded business coverage and prime-time

[*28] [HARDCOPY PAGE 27]

programming, and general and administrative costs associated with the LINC acquisition.

Depreciation and amortization expense increased from \$5.5 million in fiscal year 1989 to \$15.7 million in fiscal year 1990, an increase of \$10.2 million. This increase is primarily due to acceleration of amortization expense related to prior years' capitalized program development costs and increased depreciation associated with a larger property base.

During fiscal year 1990, the Company recorded a net charge to income of approximately \$22.6 million associated with monies received by, and accounts receivable from UPI. Of this amount, approximately \$5.6 million represents a write-off of uncollectible accounts receivable from UPI, while the remaining \$17.0 million pertains to net proceeds UPI received from various leasing companies for equipment sales where the Company ultimately became the lessee. The \$17.0 million effectively represents the difference between the book value of equipment at UPI sold to leasing companies and the lease amounts to be paid by the Company for the same equipment, net of lease monies returned by UPI to the Company. Those monies returned to the Company from lease proceeds received by UPI were remitted against stated obligations of UPI under an agreement, entered into during fiscal year 1988, pursuant to which UPI received the right to use the Company's VBI and other technological development efforts performed by the Company on behalf of UPI. In addition, the money paid by UPI was not recognized as revenue since the source of the money was from the lease proceeds.

As a result of all of the above factors, the Company has recorded a total of \$121.6 million in costs and expenses in fiscal year 1990 compared to \$35.8 million in costs and expenses in fiscal year 1989.

The Company recorded \$3.1 million of losses related to its discontinued Telshop operation in fiscal year 1990, effectively writing-off the remaining balances of all assets pertaining to this operation.

Comparison of Fiscal Year 1989 to Fiscal Year 1988

The Company's financial statements for its fiscal years ended June 30, 1988 and 1989 were audited by the Company's prior independent auditors who withdrew their opinion as to 1989 on October 11, 1990.

The comparison of fiscal year 1989 to fiscal year 1988 that follows is generally an excerpt from the Company's annual report on Form 10-K filed for the fiscal year ended June 30, 1989.

[*29] [HARDCOPY PAGE 28]

Results of Operations

Non-related party network advertising revenues increased \$2.5 million or 12% in 1989 resulting from a twelve-month reporting period compared to ten months in 1988. Consistent with the Company's expansion of business and financial programming and news to a 24-hour format, in fiscal year 1989 the Company began to eliminate substantial advertising revenue from infomercials. On an equivalent comparative basis, after adjustment for a ten month fiscal period in 1988, all unaffiliated advertising revenues increased 8% principally due to the sale of more advertising time.

Related party services revenue increased from \$3.9 million in 1988 to \$8.5 million in 1989 principally resulting from licensing and use of the Company's VBI and other technology by UPI under its 1988 agreement referred to above. Revenues under the UPI agreement earned in 1989 were for the entire year whereas revenues earned in 1988 commenced in and represented charges principally for the quarter ended June 30, 1988. Were the Company to allocate selling, general and administrative, and satellite costs applicable to related party and non-related party operations based upon revenue, such costs would approximate \$4.5 million for 1989 and \$3.6 million for 1988.

Revenues from cable affiliate fees were approximately \$8.6 million for the year ended June 30, 1989, an increase of approximately \$4.2 million or 94% principally due to rate increases.

Subscription fees increased \$700,000 resulting from increases in the number of DBC subscribers and recording amounts for the full year ended June 30, 1989 compared to the seven months ended June 30, 1988, representing the period subsequent to DBC becoming a majority-owned subsidiary.

Interest income increased 55% for the year ended June 30, 1989 over the previous ten month period due to higher average cash balances in fiscal year 1989.

Programming and production costs increased by 36% in fiscal year 1989 over the ten months ended June 30, 1988, resulting from the Company's additional expansion in 1989 to a 24-hour daily business and financial programming and news format, expenses in support of FNN/MarketWatch, and costs related to the licensing and distribution of the VBI.

Selling, general and administrative expenses increased from \$12.2 million for the ten months ended June 30, 1988 to \$19.2 million for the year ended June 30, 1989, an increase of 57%. The increase was due to the Company's capital expansion program which commenced in 1988, the Company's expansion in 1989 of its daily business programming and news format, and costs related to the licensing and distribution of the VBI.

[*30] [HARDCOPY PAGE 29]

Liquidity and Capital Resources

The Company has sustained a significant loss in the current year. The Company has given notice to its lenders of events which constitute default under its loan agreement. See Note 7 of the Notes to the Consolidated Financial Statements. The Company has also informed leasing companies of events which may constitute default under leasing agreements. At June 30, 1990 the Company had a shareholders' equity deficit of \$33.5 million and a working capital deficit of \$96.8 million.

During fiscal year 1990, the Company required \$43.0 million of cash to support operations as compared to the positive generation of approximately \$6.7 million of cash in fiscal year 1989. This change principally resulted from the Company's expansion into prime-time business and financial programming and the effect of certain of the transactions discussed in the "Introductory Statement" above.

In addition, the Company utilized approximately \$30.3 million of external financing to fund its investing activities, primarily the acquisition of SHI and the LINC assets, see Notes 3 and 5 of the Notes to the Consolidated Financial Statements.

The Company incurred net bank debt and lease financing obligations in excess of \$83.0 million in fiscal year 1990.

Significant negative cash flows are continuing in fiscal year 1991. The Company is seeking from its principal banks a cash infusion/cash commitment in December 1990 that would assist it in meeting its obligations through June 30, 1991. There is no assurance, however, that such funds will be forthcoming or that such funds, if received, will be adequate to enable the Company to meet its obligations for the period in question. In any event, the Company needs the continued forbearance of the banks and the leasing companies in order to continue operating. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

The Company's management has implemented a plan of overhead reductions and is currently negotiating with its banks and leasing companies to amend covenants or default provisions or obtain waivers. The Company has also retained an investment banking firm which is offering for possible sale the Company's principal operations. There can be no assurance if, when, or at what price, such sales will be consummated.

Based on the factors outlined in the foregoing two paragraphs, if the Company is unable to raise sufficient funds from its bank

[*31] [HARDCOPY PAGE 30]

lenders, and/or the possible sale of assets to support its continuing operations, it may determine to commence proceedings under the reorganization provisions of the Federal Bankruptcy Act.

Inflation

In general, management believes that inflation has had no material adverse impact on the Company during the past three fiscal years, and does not anticipate that inflation will have a material impact on the Company in the forthcoming fiscal year.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FINANCIAL NEWS NETWORK INC.:

Opinion of Independent Certified Public Accountants

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Stockholders' Equity (Deficit)

Consolidated Statements of Cash Flows
s to Consolidated Financial Statements

Supplemental Schedules

THE LEARNING CHANNEL, INC.:

Opinion of Independent Certified Public Accountants

Balance Sheets

Statements of Income

Statements of Cash Flow

Statements of Stockholders' Equity
s to Financial Statements

[*32] [HARDCOPY PAGE F-1]

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Financial News Network Inc.

We have audited the accompanying consolidated balance sheet of Financial News Network Inc. and Subsidiaries as of June 30, 1990 and the related consolidated statements of operations, stockholders' deficit, and cash flows and the financial statement schedules for the year then ended. These financial statements and financial statement

schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audit. The accompanying consolidated balance sheet as of June 30, 1989 and the consolidated statements of operations, stockholders' equity, and cash flows for the year then ended have not been audited. The statements of operations, stockholders' equity, and cash flows of Financial News Network Inc. for the ten months ended June 30, 1988 were audited by other auditors whose report dated September 23, 1988, expressed an unqualified opinion on those financial statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient documentation supporting a charge to operations for approximately \$17 million of net payments from the Company to United Press International, a related party, which were funded by certain leasing transactions described in Notes 8 and 10.

[*33] [HARDCOPY PAGE F-2]

On October 25, 1990, the Company learned that the Securities and Exchange Commission (SEC) issued a formal order of investigation with respect to possible violations of certain provisions of the Securities Exchange Act of 1934 and rules thereunder regarding the Company's financial reports, transactions with related companies and accounting matters, and, on October 26, 1990, the Commission subpoenaed certain financial and other records of the Company.

Infotechnology, Inc. owns approximately 46 percent of the outstanding stock of the Company. The Company has engaged in transactions with Infotechnology, Inc. and its affiliates and subsidiaries, which have had a significant effect on the Company's operations and financial position, as further described in Notes 8 and 10 to the financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient documentation supporting the \$17 million of net payments to United Press International in connection with certain lease transactions, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Financial News Network Inc. and Subsidiaries as of June 30, 1990, and the consolidated results of their operations and their cash flows for the year then ended in conformity with generally accepted

accounting principles. In addition, in our opinion, except for the effects of such adjustments, if any, related to the net payments discussed earlier, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

As further discussed in Note 11, the Company has been named as a defendant, along with certain directors and officers or former directors and officers of the Company, and others, in a consolidated purported class action filed in the U.S. District Court for the Central District of California. The consolidated action alleges violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 20 relating to disclosures in filings with the SEC, press releases and other public communications, and relating to a series of related party transactions. The consolidated complaint also makes state law claims for negligent misrepresentations and fraud and

[*34] [HARDCOPY PAGE F-3]

deceit. The Company has been named as a nominal defendant, and its directors, a former director, and certain officers or former officers have also been named as defendants in a purported derivative lawsuit alleging, among other things, breaches of duties of loyalty and care and mismanagement. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no liability that may result has been recognized in the accompanying consolidated financial statements.

The accompanying financial statements have been prepared assuming that Financial News Network Inc. will continue as a going concern. As discussed in Note 18 to the financial statements, Financial News Network Inc. is not in compliance with certain debt covenants, there are significant shareholder suits pending, and the Company has suffered a significant loss from operations in the year ended June 30, 1990, continues to suffer significant losses in the first quarter ended September 30, 1990 and has both a working capital and stockholders' deficit. These matters raise a substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 18. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COOPERS & LYBRAND
WASHINGTON, D.C.
NOVEMBER 29, 1990

[*35] [HARDCOPY PAGE F-4]

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 1990	June 30, 1989 (Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$12,645	\$ 2,724
Accounts receivable, less allowance for doubtful accounts of \$2,010 and \$1,587 at June 30, 1990 and 1989, respectively	7,361	4,730
Accounts receivable from related parties	834	6,853
Capitalized production costs, net	-	2,921
Prepaid expenses and other current assets	2,314	2,348
Total current assets	23,154	19,576
FIXED ASSETS, NET	21,527	13,029
INVESTMENTS	36,744	19,638
GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS, NET	5,224	-
OTHER ASSETS	6,309	5,365
TOTAL ASSETS	\$92,958	\$57,608

See accompanying notes to consolidated financial statements.

[*36] [HARDCOPY PAGE F-5]

CONSOLIDATED BALANCE SHEETS (CONTINUED)

	June 30, 1990	June 30, 1989 (Unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Long term notes payable callable by banks	\$ 47,500	\$ -
Obligations to leasing companies	47,168	-
Current portion of		

obligations for capital leases	1,268	-
Current portion of notes payable	-	214
Accounts payable and accrued liabilities	8,251	8,291
Accrued salaries and related costs	1,420	1,269
Deferred revenue	6,442	1,054
Other current liabilities	6,805	2,143
Liabilities to related parties	1,117	-
Total current liabilities	119,971	12,971
NON-CURRENT LIABILITIES: s payable to bank	-	3,842
Obligations for capital leases, net of current portion	5,086	-
Accrued facility rent	1,372	1,548
Liabilities to related parties	-	1,331
Total non-current liabilities	6,458	6,721
	126,429	19,692
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock, no par value; Authorized - 20,000,000 shares;		
Issued and outstanding - 18,215,986 and 17,985,181 shares at June 30, 1990 and 1989, respectively		
	45,861	44,887
Accumulated deficit	(79,332)	(6,971)
	(33,471)	37,916
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 92,958	\$57,608

See accompanying notes to consolidated financial statements.

[*37] [HARDCOPY PAGE F-6]

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended		Ten Months
	June 30,	June 30,	Ended
	1990	1989	June 30,
		(Unaudited)	1988
REVENUES:			
Advertising:			
Unaffiliated, net	\$ 21,536	\$23,528	\$21,075
Related parties, net	168	929	1,477
Total advertising	21,704	24,457	22,552
Other revenue from related parties	856	8,470	3,907
Cable affiliate fees	11,137	8,608	4,429
Market quotation services and subscriptions	15,436	2,333	927
Interest	385	138	89
Other	3,094	602	40
Total revenues	52,612	44,608	31,944
COSTS AND EXPENSES:			
Programming, production and operating expenses	38,563	10,854	7,979
Selling, general and administrative	40,411	19,193	12,169
Depreciation and amortization	15,681	5,475	2,437
Payment of monies to and write-off of accounts receivable from United Press International, an affiliate	22,558	-	-
Interest	4,379	306	96
Total costs and expenses	121,592	35,828	22,681
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EQUITY IN INCOME (LOSSES) OF INVESTEEs	(68,980)	8,780	9,263
Equity in income (losses) of Information and Services Network, Inc.	141	(765)	(259)
Equity in losses of Data Broadcasting Corporation	-	-	(1,696)
Equity in losses of Shark Holdings, Inc.	(446)	-	-

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(69,285)	8,015	7,308
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Provision for income taxes	-	1,541	860
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INCOME (LOSS) FROM CONTINUING OPERATIONS	(69,285)	6,474	6,448
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LOSS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	3,076	3,471	1,743
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NET INCOME (LOSS)	\$ (72,361)	\$ 3,003	\$ 4,705
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NET INCOME (LOSS) PER
SHARE:

CONTINUING OPERATIONS	\$ (3.83)	\$ 0.36	\$ 0.41
DISCONTINUED OPERATIONS	(0.17)	(0.19)	(0.11)

	\$ (4.00)	\$ 0.17	\$ 0.30
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Weighted average number of
common shares and common
equivalent shares
outstanding

18,073	17,852	15,525
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See accompanying notes to consolidated financial statements.

[*38] [HARDCOPY PAGE F-7]

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
Information relating to the year ended June 30, 1989 is unaudited
(In thousands except for numbers of shares)

	Common Stock Shares Outstanding	Amount
BALANCE AT SEPTEMBER 1, 1987	12,019,209	\$23,558
Exercise of common stock options under stock option plans	57,075	216
Exercise of other common stock options and grants	15,973	-

Exercise of warrants	56,391	250
Issuance of common stock in exchange for Data Broadcasting Corporation common stock	2,026,432	-
Deficit acquired in acquisition of Data Broadcasting Corporation	-	-
Issuance of common stock in exchange for Information and Services Network, Inc. common stock	2,692,241	15,580
Net income for ten months ended June 30, 1988	-	-
BALANCE AT JUNE 30, 1988	16,867,321	39,604
Exercise of common stock options under stock option plans	16,605	76
Exercise of other common stock options and grants	5,000	18
Issuance of common stock in exchange for The Learning Channel common stock	918,199	4,674
Exercise of warrants	131,380	501
Issuance of common stock under employment contracts	4,000	14
Issuance of common stock in exchange for Data Broadcasting Corporation common stock	42,676	-
Net income for the year ended June 30, 1989	-	-
BALANCE AT JUNE 30, 1989	17,985,181	44,887
Exercise of common stock options under stock option plans	67,075	357
Exercise of other common stock options	154,332	557
Exercise of warrants	9,398	60

Net loss for the year ended
June 30, 1990

BALANCE AT JUNE 30, 1990	18,215,986	\$45,861
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(TABLE CONTINUED)

	Accumulated Deficit	Total Stockholders' Equity (Deficit)
BALANCE AT SEPTEMBER 1, 1987	\$ (12,216)	\$ 11,342
Exercise of common stock options under stock option plans	-	216
Exercise of other common stock options and grants	-	-
Exercise of warrants	-	250
Issuance of common stock in exchange for Data Broadcasting Corporation common stock	-	-
Deficit acquired in acquisition of Data Broadcasting Corporation	(2,463)	(2,463)
Issuance of common stock in exchange for Information and Services Network, Inc. common stock	-	15,580
Net income for ten months ended June 30, 1988	4,705	4,705
BALANCE AT JUNE 30, 1988	(9,974)	29,630
Exercise of common stock options under stock option plans	-	76
Exercise of other common stock options and grants	-	18
Issuance of common stock in exchange for The Learning Channel common stock	-	4,674
Exercise of warrants	-	501

Issuance of common stock under employment contracts	-	14
Issuance of common stock in exchange for Data Broadcasting Corporation common stock	-	-
Net income for the year ended June 30, 1989	3,003	3,003
BALANCE AT JUNE 30, 1989	(6,971)	37,916
Exercise of common stock options under stock option plans	-	357
Exercise of other common stock options	-	557
Exercise of warrants	-	60
Net loss for the year ended June 30, 1990	(72,361)	(72,361)
BALANCE AT JUNE 30, 1990	\$ (79,332)	\$ (33,471)

See accompanying notes to consolidated financial statements.

[*39] [HARDCOPY PAGE F-8]

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended		Ten Months
	June 30,	June 30,	Ended
	1990	1989	June 30,
		(Unaudited)	1988
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) from continuing operations	\$ (69,285)	\$ 6,474	\$ 6,448
Adjustments to reconcile income from continuing operations to net cash provided by (used in) continuing operations:			
Depreciation and amortization	15,681	5,114	2,000

Provision for losses on accounts receivable	7,571	1,165	1,062
Provision for net realizable value of programming	2,997	-	-
Revenue from Data Broadcasting Corporation, net of equity losses	-	-	(1,326)
Equity in losses of investees	305	765	259
Management compensation paid by issuance of restricted common stock	-	14	-
Loss on sale of fixed assets	-	-	45
Changes in operating assets and liabilities, net of effects from purchase of Lotus Information Network Corporation:			
Increase in accounts receivable	(2,986)	(4,271)	(6,908)
Increase in capitalized production development costs	-	(4,910)	(174)
Increase in other current assets	(811)	(170)	(86)
Increase in accounts payable and accrued liabilities	10	3,172	1,011
Increase (decrease) in deferred revenue	1,396	50	(636)
Increase (decrease) in other current liabilities	4,662	(31)	1,193
Increase in other noncurrent assets	(1,053)	(522)	(885)
Increase (decrease) in other noncurrent liabilities	(1,507)	(148)	921
Net cash provided by (used in) operating activities of continuing operations	(43,020)	6,702	2,924
Loss from discontinued operations	(3,076)	(3,471)	(1,743)
Adjustments to reconcile loss from discontinued operations to net cash used in discontinued operations:			
Depreciation and amortization	-	796	532
Loss on sale or write-off			

of property and equipment	3,536	190	-
Settlement of liabilities at less than previously recorded	(460)	-	-
Net change in operating assets and liabilities	-	1,313	849
Net cash used in operating activities of discontinued operations	-	(1,172)	(362)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(43,020)	5,530	2,562
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in Shark Holdings, Inc.	(18,238)	-	-
Acquisition of assets and certain liabilities of Lotus Information Network Corporation, net of cash acquired	(8,066)	-	-
Purchase of Cycliphase software license	-	-	(60)
Acquisition of programming	(5,837)	(1,295)	(1,418)
Purchase of fixed assets	(1,584)	(8,676)	(4,856)
Cash payments for closing costs in connection with the acquisition of Information Services Network common stock	-	(324)	(84)
Proceeds from sale of property and equipment	3,448	2,995	-
NET CASH USED IN INVESTING ACTIVITIES	(30,277)	(7,300)	(6,418)

[*40] [HARDCOPY PAGE F-9]

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Year Ended		Ten Months Ended
June 30, 1990	June 30, 1989	June 30, 1988
	(Unaudited)	

CASH FLOWS FROM FINANCING
ACTIVITIES:
Issuance of common stock
from the exercise of
common stock options and

warrants	974	595	466
Proceeds from obligations to leasing companies	42,912	-	-
Repayments of obligations to leasing companies	(3,614)	-	-
Repayments of capital lease obligations	(498)	-	-
Net proceeds from lines of credit	-	1,514	1,849
Proceeds from note payable to banks	47,500	750	-
Repayments of note payable to banks	(4,056)	(54)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	83,218	2,805	2,315
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,921	1,035	(1,541)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,724	1,689	3,230
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$12,645	\$2,724	\$ 1,689

See accompanying notes to consolidated financial statements.

[*41] [HARDCOPY PAGE F-10]

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Financial News Network Inc. (the Company or FNN) produces and distributes, via communication satellites, financial and business programming on a commercial basis to cable and television systems across the United States. FNN broadcasts business programming 24 hours a day weekdays and a combination of business and sports programming weekend days. Through its subsidiary, Data Broadcasting Corporation (DBC), the Company provides real-time stock market quotes and information to professional and non-professional investors and traders utilizing FM subcarriers, satellite transmission and the vertical blanking intervals of the Company's signal which is received by a standard personal computer or a hand-held receiver. In January 1990, DBC formed a wholly owned subsidiary, Data Broadcasting Technologies, Inc. (DBTI), for the purpose of marketing data network services and DBC's proprietary Vertical Blanking Interval (VBI) technology and associated hardware to other data users.

The Company has a 49% interest in Shark Holdings, Inc., which is a

holding company that owns 100% of the outstanding shares of capital stock of Shark Information Services Corporation (SISC). SISC is primarily engaged in the distribution of financial market information, including quotes, financial news and analytical information to institutional investors. The assets consist primarily of hardware and software necessary for the distribution of such financial market information.

The Company also owns 46% of the outstanding common stock of The Learning Channel, Inc. (TLC). TLC broadcasts adult educational and informational programming 20 hours daily to subscribers throughout the U.S. and Canada.

2. Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include all majority-owned subsidiaries of the Company. Investments in affiliated companies are reflected in the accounts using the equity method of accounting. All significant intercompany accounts and transactions have been eliminated.

In June 1988, the Company changed its fiscal year end from August 31 to June 30. Accordingly, the accompanying consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows include the Company's operations for the

[*42] [HARDCOPY PAGE F-11]

years ended June 30, 1990 and June 30, 1989 and the ten months ended June 30, 1988.

Revenue Recognition - Advertising revenues, net of agency commissions, are recorded as income when broadcast. Surcharge fees to cable affiliate systems carrying the FNN broadcast are recognized as income based on a monthly per subscriber fee. Subscription revenue from the Company's data broadcasting business is deferred and recorded as income on a straight-line basis over the term of the subscription agreement. The Company also recognizes revenue from the sale (currently all to a related party - See Note 10) of the right to transmit information using the Company's vertical blanking interval.

Trade and Barter Agreements - The Company enters into trade and barter agreements with certain advertisers and other companies whereby advertising time is exchanged for assets or services. The fair value of the assets or services received is deferred and recognized as advertising revenue on a basis consistent with other advertising revenue. The Company exchanged advertising time for services and assets of approximately \$692,000, \$3,075,000, and \$5,468,000 for the periods ended June 30, 1990, 1989, and 1988, respectively.

Fixed Assets - Fixed assets are carried at cost, or assigned value if acquired through a purchase of a business, and are depreciated using the straight-line method over their estimated useful lives ranging from two to ten years. When assets are sold or retired, their costs and

accumulated depreciation are removed from the accounts. Any gain or loss is included in income. Leasehold improvements are carried at cost and are amortized using the straight-line method over the shorter of their useful life or the remaining lease term. Equipment acquired under capital leases are recorded at the lower of the fair value of the equipment or the present value of minimum lease payments at the beginning of the lease term. Equipment acquired under capital leases is amortized on a straight-line basis over the lease term.

Program Acquisitions - Program acquisitions consist of programs licensed for broadcast, and are recorded at cost. Annual amortization is the greater amount of amortization derived from the income forecast method or the straight-line method. These costs are being amortized over the programs' estimated useful lives ranging from two to four years.

Capitalized Production Development Costs - Capitalized production development costs include capitalized costs for the production

[*43] [HARDCOPY PAGE F-12]

of FNN programming. Annual amortization is the greater amount of amortization derived from the income forecast method or the straight-line method. These costs are being amortized over the programs' estimated useful lives ranging from two to four years.

Goodwill and Other Acquired Intangibles - Goodwill represents the excess of cost over the fair value of the net assets of acquired businesses. Goodwill and other intangibles are amortized using the straight-line method over periods ranging from five to twenty-five years. Accumulated amortization is \$1,051,000 at June 30, 1990.

Capitalized Computer Software Costs - The Company capitalizes its computer software development costs in accordance with SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed. The costs are being amortized on a straight-line basis over 5 years. Costs capitalized were approximately \$1,538,000 and \$639,000 for the years ended June 30, 1990 and 1989, respectively, and \$204,000 for the period from November 30, 1987 to June 30, 1988. Amortization expense for the years ended June 30, 1990 and 1989 and the period from November 30, 1987 to June 30, 1988 was approximately \$214,000, \$148,000, and \$80,000, respectively. Capitalized amounts are included in computer hardware and software in the consolidated balance sheets.

Research and Development Costs - Expenditures for research and development are expensed as incurred. The Company expensed approximately \$10,170,000 in research and development costs during the year ended June 30, 1990, which includes \$9,200,000 related to development costs of Institutional Research Network (IRN), an affiliate, discussed in Note 10. The Company expensed approximately \$605,000 in research and development costs for the year ended June 30, 1989 and \$160,000 during the period from November 30, 1987 to June 30, 1988.

Income Taxes - The Company accounts for income taxes in accordance with SFAS No. 96, Accounting for Income Taxes.

Income (Loss) per Share - Income (loss) per share is based on the weighted average number of common stock and common stock equivalents outstanding. Shares issuable upon the exercise of common stock equivalents (warrants and options) have been included in the per-share computation to the extent that they would not be anti-dilutive. Fully diluted per share information has not been presented because any common stock equivalents are anti-dilutive as a result of the net loss for the period ended

[*44] [HARDCOPY PAGE F-13]

June 30, 1990. Fully-diluted per share information has not been presented for the periods ended June 30, 1989 and 1988, as the dilution is not material.

Reclassification of Prior Year Amounts - Certain amounts in prior year financial statements have been reclassified to conform with the current year presentation.

3. Acquisitions

Lotus Information Network Corporation - On December 20, 1989, FNN acquired substantially all of the assets and certain liabilities of Lotus Information Network Corporation (LINC) from Lotus Development Corporation. LINC is in the business of distributing and delivering securities pricing information via FM subcarriers or satellite to professional and nonprofessional investors and traders using personal computers and hand-held receivers. The acquired assets consist principally of data receivers and related software, customer accounts, rights to assets including contract rights and interests in leases and tangible personal property. The operations of LINC have been merged with those of DBC.

The purchase price consisted of approximately \$9,283,000 cash, which includes approximately \$1,000,000 paid for transaction costs, and the assumption of certain liabilities. The Company acquired tangible and identifiable intangible assets with a fair value of approximately \$14,078,000 and assumed liabilities of \$5,670,000. The excess of the purchase price over these assets and liabilities is recorded as goodwill. For financial statement purposes, the Company has treated this business combination as a purchase. The consolidated statements of operations include the operations of LINC from September 30, 1989, the effective date of the purchase.

[*45] [HARDCOPY PAGE F-14]

The following table presents unaudited pro forma results of operations assuming the LINC acquisition has occurred at July 1, 1988. These pro

forma results are presented for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made at the beginning of fiscal year 1989 or of results which may occur in the future (in thousands except per share data):

	Pro Forma Year Ended	
	June 30, 1990	June 30, 1989
Gross Revenues	\$ 56,235	\$57,666
Income (loss) from continuing operations before income taxes	\$ (69,656)	\$ 6,353
Net income (loss) from continuing operations	\$ (69,656)	\$ 4,812
Earnings per common share: Net income (loss) from continuing operations	\$ (3.85)	\$ 0.27

Data Broadcasting Corporation - On November 30, 1987, the Company exchanged 2,026,432 shares of its restricted common stock for 3,212,322 shares of DBC class A common stock, representing 50% of the outstanding class A common stock, and 100 shares of DBC class B common stock, representing 100% of the outstanding class B common stock of DBC. This exchange increased the Company's ownership in DBC voting stock to 97%. Prior to this transaction, the investment in DBC was accounted for under the equity method of accounting.

The excess of the Company's recorded amount over the equity in DBC's net assets of approximately \$3,581,000 at the date of consolidation (November 30, 1987) is included in computer hardware and software and is being amortized over five years.

[*46] [HARDCOPY PAGE F-15]

4. Fixed Assets

Fixed assets consist of the following (in thousands):

	June 30, 1990	June 30, 1989
Computer hardware and software	\$ 8,807	\$ 8,255
Production equipment	8,160	5,620
Furniture and fixtures	5,407	4,635
Equipment under capital leases	7,404	-
	29,778	18,510

Less accumulated depreciation and amortization	8,251	5,481
	\$21,527	\$13,029

Accumulated amortization of equipment under capital leases is approximately \$1,129,000 at June 30, 1990. Depreciation and amortization expense is approximately \$5,660,000, \$2,701,000, and \$1,701,000 for the periods ended June 30, 1990, 1989 and 1988, respectively.

5. Investments

The Company has ownership interests in affiliated companies that are engaged in the same general business as the Company. The Company's investments in affiliated companies are summarized as follows (in thousands):

	Ownership Interest	June 30, 1990	June 30, 1989
The Learning Channel, Inc.	47.5%	\$18,952	\$19,638
Shark Holdings, Inc.	49.0%	17,792	-
		\$36,744	\$19,638

In June 1990, FNN acquired 49% of all of the outstanding shares of common stock of Shark Holdings, Inc. (SHI) for \$980,000. Infotechnology, Inc. (Infotech) purchased the remaining 51% of the outstanding common stock of SHI for \$1,020,000. During the three year period between June 7, 1992 and June 7, 1995, under certain terms and conditions, FNN has the right to purchase all of the shares of SHI held by Infotech based on a formula set forth in the shareholders' agreement dated June 7, 1990 between FNN and Infotech relating to their ownership of SHI.

[*47] [HARDCOPY PAGE F-16]

SHI is a holding company that owns 100% of the outstanding shares of capital stock of Shark Information Services Corporation (SISC). On June 7, 1990, SISC acquired 100% of the outstanding shares of capital stock of Wang Financial Information Services Corporation (WFISC) from Wang Laboratories, Inc. (WLI). SISC paid cash of approximately \$15,500,000 for the WFISC shares. In consideration for the sale of the WFISC shares to SISC, WLI also received 5,000 shares of SHI Preferred Stock, \$100 par value. The purchase price of WFISC may be adjusted based on the audited tangible net worth as of May 31, 1990.

SISC financed this transaction by (i) selling all of the outstanding shares of its common stock to SHI for \$2,000,000 (ii) selling

\$7,500,000 of redeemable non-voting preferred stock to FNN, (iii) borrowing \$5,000,000 from FNN pursuant to a Term Loan Agreement and (iv) borrowing \$4,500,000 from FNN pursuant to a Demand Loan Agreement.

The Company, through its investment in SHI, acquired an interest in assets used in financial market information distribution activities.

The Company's investment in SHI is recorded using the equity method of accounting. The Company's equity in net assets of SHI approximated \$17,792,000 at June 30, 1990, which approximates its carrying value.

On November 30, 1987 the Company acquired 1,600 shares of the common stock of Information and Services Network, Inc. (ISN), representing 80% of the voting stock of ISN, from Infotech in exchange for 2,692,241 shares of the Company's common stock. On December 8, 1988, the Company exercised its option to acquire from Infotech the remaining 400 shares of ISN's common stock, representing 20% of ISN's voting stock, in exchange for 918,199 shares of the Company's common stock. During these transactions, ISN's primary asset consists of ownership of 47.5% of the outstanding common stock of The Learning Channel, Inc. (TLC). In addition, FNN acquired the right to require Infotech to exercise its option to acquire a certain number of TLC shares and convey those TLC shares to FNN at cost.

In February 1990, FNN instructed Infotech to exercise its call option. According to FNN's and Infotech's analysis and the advice of their investment bankers, the exercise price of the TLC option was significantly lower than market. When Infotech gave notice to the TLC holders of Infotech's exercise of the call

[*48] [HARDCOPY PAGE F-17]

option, the TLC shareholders gave notice of their exercise of a put option. A dispute arose among FNN, Infotech and the TLC shareholders as to the effect of the call option and the put option on the number of TLC shares of stock to which Infotech was entitled.

In settlement of the dispute, Infotech acquired 57,886 TLC shares as of August 14, 1990. In fulfillment of Infotech's obligation to FNN under the Share Exchange Agreements, which were amended as of August 28, 1990, Infotech sold to FNN 28,943 shares of the TLC stock for an aggregate purchase price of \$434,145. In addition, Infotech granted to FNN an option for a period of one year from August 28, 1990 to acquire from Infotech an additional 28,943 shares of TLC stock for a purchase price based upon the number of shares of Infotech stock delivered to the TLC holders pursuant to the Settlement Agreement. Infotech will have the right, at its sole option, to receive as payment of the exercise price either cash or unregistered shares of FNN common stock. FNN and Infotech have also entered into an agreement with the American Community Service Network, a 31.5% equity holder of TLC, to explore opportunities to sell their combined TLC holdings.

On October 23, 1990, the Company announced that preliminary bids had been received from several parties for the 51% of TLC collectively held

by the Company and Infotech. Further discussions are continuing. TLC is a national cable television network specializing in educational programming.

The Company's equity in net assets of ISN totaled approximately \$1,270,000 and \$1,129,000 at June 30, 1990 and 1989, respectively. The excess of the Company's carrying amount over its equity in ISN's net assets is being amortized over 25 years. The excess of the Company's carrying amount over its equity in ISN's net assets, net of accumulated amortization, approximated \$17,682,000 and \$18,509,000 at June 30, 1990 and 1989, respectively.

[*49] [HARDCOPY PAGE F-18]

Combined summarized unaudited financial information for SISC, as of and for the period ended June 30, 1990, and for TLC as of and for the years ended March 31, 1990, 1989 and 1988, is as follows (in thousands):

	1990	1989	1988
Current assets:	\$ 8,282	\$1,615	\$1,615
Non-current assets:	17,178	2,084	2,287
Current liabilities:	4,889	930	1,109
Non-current liabilities:	910	543	785
Gross revenues:	13,007	9,150	5,692
Net income (loss):	(807)	66	72

6. Other Assets

Other assets consist of the following (in thousands):

	June 30, 1990	June 30, 1989
Cycliphase software license, net	\$ 318	\$ 401
Program acquisitions, net	558	1,795
Film library, net	854	853
Capitalized production development costs, net	1,934	871
Other	2,645	1,445
	\$6,309	\$5,365

[*50] [HARDCOPY PAGE F-19]

7. Notes Payable to Banks

During fiscal year 1990, FNN signed a loan agreement for \$50 million with two of its primary banks. The proceeds are available to repay

prior bank indebtedness, to make acquisitions and investments, to make capital expenditures relating to the communications industry, and prior to December 31, 1990, to repurchase outstanding FNN shares.

June 30,	June 30,
1990	1989
(In thousands)	

\$50,000,000 seven-year
reducing revolving
line-of-credit, interest
payments are subject to
adjustment based on the
ratio of total funded debt
to annual operating cash
flow determined as of the
end of each fiscal quarter. s payable to banks
outstanding at June 30,
1990 are repayable on
December 31, 1996.
Interest was accruing at
10% at June 30, 1990.

\$47,500	\$	-
----------	----	---

\$6,000,000 bank revolving
line-of-credit with
interest payable monthly at
prime plus 1% on outstanding
advances aggregating
\$3,000,000 or less and at
prime plus 1.5% on
outstanding advances in
excess of \$3,000,000, with
principal balance due
December 1, 1991. The
bank's prime rate at June
30, 1989 was 11%.

3,360

\$750,000 bank term loan with
interest payable monthly at
prime plus 1.5% and
principal payable in equal
monthly installments of
\$17,857 through September
1, 1993. The bank's prime
rate at June 30, 1989
was 11%.

696

Total notes payable to banks
Less current portion
s payable to banks

47,500	4,056
47,500	214
\$ -	\$3,842

[*51] [HARDCOPY PAGE F-20]

FNN has granted the banks a security interest in its assets, including its 2,000 shares (100%) of the outstanding common stock of ISN and 6,344,644 (98.75%) of the outstanding common stock of DBC. Additionally, the debt covenants of the loan agreement do not allow for the payment of dividends by the Company.

As of June 30, 1990, the Company is in violation of numerous covenants of its loan agreement including, but not limited to, timely filing of audited annual financial statements and restrictions on additional obligations or indebtedness. The Company has not received a waiver from the banks. Accordingly, the balance outstanding at June 30, 1990 is reported as long term notes payable callable by banks and classified as a current liability.

8. Financing Obligations to Leasing Companies

During fiscal year 1990, the Company was party to certain leasing transactions totalling approximately \$50,782,000. Of this amount, approximately \$37,308,000 was for equipment that had been previously owned by United Press International (UPI). Some of this equipment had been transferred to UPI through the Vertical Blanking Interval arrangement discussed in Note 10. This equipment was sold by UPI to various leasing companies and leased back by the Company under leases with obligations equal to the amounts advanced to UPI by the leasing companies.

Also during fiscal year 1990 FNN sold assets to leasing companies and leased them back, and recorded an obligation totalling approximately \$13,474,000.

The Company recently concluded that a substantial number of these lease transactions were entered into on the basis of inadequate documentation. Additionally, the valuations on which the Company had relied were higher than the values subsequently accorded to certain of the leased equipment. Accordingly, these lease obligations have been characterized as financing obligations in the financial statements. During fiscal year 1990, the Company made payments against its obligations to leasing companies amounting to approximately \$3,614,000. The Company has made no lease payments to leasing companies since early October 1990, which is a condition of default under the lease agreements that, in some cases, accelerates the leasing companies' rights of repayment, and therefore, these obligations have been classified as current liabilities.

[*52] [HARDCOPY PAGE F-21]

In the absence of default described above, these obligations to leasing companies mature at various dates into 1995 and accrue interest at various rates. The aggregate maturities of these obligations for the five years after June 30, 1990 are \$9,438,000, \$10,689,000, \$10,699,000, \$10,154,000 and \$6,188,000, respectively.

9. Leases and Other Commitments

Capital Leases - The Company leases broadcast and other equipment under noncancellable lease arrangements that expire on various dates through 1995. Obligations for capital leases are recorded at the lower of fair market value of the equipment or the present value of future minimum lease payments. The equipment is amortized over the lease period.

Operating Leases - The Company leases satellite transponder time and microwave transmission equipment for transmitting its programming. In addition, the Company leases equipment and office and broadcast facilities and channels generally under noncancellable lease arrangements that expire on various dates through 1998. Certain office facility lease agreements contain initial free rental periods that are accounted for by amortizing the total minimum payments on a straight-line basis over the term of the lease. Amounts accrued but not payable until future periods are shown as accrued facility rent in the accompanying consolidated balance sheets. Certain of the lease agreements require the Company to pay operating costs, including property taxes and maintenance costs, and contain provisions for adjustments to the lease payments under certain circumstances.

[*53] [HARDCOPY PAGE F-22]

At June 30, 1990, future minimum lease payments are as follows:

	(In thousands)	
	Capital Leases	Operating Leases
1991	\$2,215	\$10,341
1992	2,215	9,461
1993	1,941	7,778
1994	1,745	4,386
1995	954	2,884
Thereafter	-	3,267
Total minimum lease payments	9,070	\$38,117
Less: Executory costs	162	-
	8,908	-
Less: Amount representing interest	2,554	-
Present value of future minimum lease payments	\$6,354	-

During fiscal years 1988, 1989, and 1990, the Company entered into various sale-leaseback transactions with various leasing companies. Those leases that meet the criteria to be treated as capitalized lease

obligations have been included in the capital lease obligation amounts above. The remainder of these lease obligations have been included in the operating lease information. Any gain or loss from these lease transactions has been deferred, and is being recognized in proportion to the amortization of the leased asset, if a capital lease, or in proportion to rental payments over the period of time the asset is expected to be used, if an operating lease.

Rental expense approximated \$9,322,000, \$7,761,000, and \$3,769,000 for the periods ended June 30, 1990, 1989 and 1988, respectively.

The Company has entered into an agreement to lease a transponder on a satellite for the transmission of its programming. The agreement includes payment of a launch backup fee prior to delivery of the transponder and payment of monthly lease and other fees beginning at the time of delivery. Delivery is scheduled for early 1992. The agreement extends for nine years following the delivery date.

[*54] [HARDCOPY PAGE F-23]

10. Related Party Transactions

Affiliated Parties - Infotech, which is a publicly held, New York based, integrated information technology and communications concern, is a principal stockholder of the Company. Questech Capital Corporation (Questech) and Pacific Telecommunications Systems, Inc. (PTSI) are wholly owned subsidiaries of Infotech. Infotech also has a significant interest in Shark Holdings, Inc. (SHI), Institutional Research Network (IRN), The Quest Business Agency (QBA), Advanced Corporate Services, Inc. (ACS), Infotechnology Publishing Corporation (IPC), Comtex Scientific Corporation (Comtex), Intex Holdings (Bermuda), Ltd., Telecommunications Industries, Inc. (TII), United Press International, Inc. (UPI) and Infotechnology Data Resources, Inc. (IDR).

Financing Arrangements - In connection with certain financing arrangements involving the Company, totalling \$800,000, Infotech and Questech were granted warrants to purchase 131,380 shares of the Company's common stock at prices ranging from \$4.50 to \$7.80 per share, subject to adjustment pursuant to anti-dilution provisions. All borrowing under the financing arrangements was repaid in January, 1984. During fiscal year 1989 the Company issued to Infotech and Questech 131,380 shares pursuant to exercises of the options.

Infotech - Under an agreement which began in 1983, Infotech provides management services to FNN and is reimbursed at per diem rates not in excess of \$1,500 per person plus out-of-pocket expenses. The aggregate amount charged for such services was approximately \$497,000, \$411,000, and \$301,000, for the periods ended June 30, 1990, 1989 and 1988, respectively. During 1988, Infotech agreed to reimburse the Company for expenses of approximately \$567,000 relating to costs incurred by the Company on behalf of IPC. The Company subleased office space to Infotech totalling approximately \$363,000, \$404,000 and \$88,000 for the periods ended June 30, 1990, 1989 and 1988, respectively. Included in

the consolidated balance sheets is approximately \$746,000 of accounts receivable due from Infotech at June 30, 1989. Also included in the consolidated balance sheets are approximately \$544,000 and \$762,000 of liabilities due to Infotech at June 30, 1990 and 1989, respectively.

Institutional Research Network - Institutional Research Network (IRN) has developed a multimedia information product, FNN:PRO, which will utilize FNN programming as well as news and market

[*55] [HARDCOPY PAGE F-24]

data of other Infotech affiliates. The development of FNN:PRO is being funded by FNN and other Infotech affiliates. The Company expensed approximately \$9,200,000 of FNN:PRO development costs funded during the year ended June 30, 1990. Subsequent to June 30, 1990, the Company funded and expensed approximately \$15,000,000 of additional development costs.

During the year ended June 30, 1990, the Company entered into various arrangements with IRN to provide broadcast services, the use of the FNN tape and film library, use of the FNN logo and rebroadcast rights for FNN programs all related to FNN:PRO. While the Company has billed approximately \$21,400,000 for these services to IRN, revenues will be recognized as these amounts are collected, due to the uncertainty of collection. The Company also acquired television episodes from IRN totalling approximately \$212,000 during the year ended June 30, 1990.

Advanced Corporate Services, Inc. - The aggregate amount charged to the Company for legal and financial advisory services and cost reimbursement by ACS was approximately \$327,000, \$211,000 and \$241,000 for the periods ended June 30, 1990, 1989 and 1988, respectively. Included in the consolidated balance sheets are approximately \$239,000 and \$138,000 of liabilities due to ACS at June 30, 1990 and 1989, respectively.

The Quest Business Agency, Inc. - Amounts charged to the Company for public relations services by QBA was approximately \$97,000 and \$122,000, for the periods ended June 30, 1989 and 1988, respectively.

Infotechnology Publishing Corporation - IPC was a wholly owned subsidiary of Infotech and formerly published High Technology Business Magazine. In September 1987, the Company entered into an agreement with IPC to perform sales representative functions in exchange for commissions on these sales. Commissions earned were approximately \$231,000 for the period ended June 30, 1988 and barter/trade revenues from advertising were approximately \$774,000 and \$640,000 for the periods ended June 30, 1989 and 1988, respectively. Included in the consolidated balance sheets are approximately \$131,000 and \$918,000 of accounts receivable from IPC at June 30, 1990 and 1989, respectively.

Comtex Scientific Corporation - The Company has performed programming and has licensed rights to its market quotation information to Comtex. FNN has capitalized approximately \$424,000 of the programming costs associated with the Comtex license and is amortizing these costs over

the ten-year license

[*56] [HARDCOPY PAGE F-25]

period. In accordance with the agreement, Comtex charged the Company approximately \$95,000 for supplied information during the year ended June 30, 1990. Included in the consolidated balance sheet are \$9,000 and \$48,000 of liabilities due to Comtex at June 30, 1990 and 1989.

Intex Holdings (Bermuda), Ltd. (IHL) - The Company loaned \$350,000 to Intex Enterprises, Inc. (a wholly-owned subsidiary of IHL) in the year ended June 30, 1988. The Company also agreed to include \$35,000 of accrued interest in the principal balance, resulting in a balance of \$385,000. During the year ended June 30, 1989, the Company charged approximately \$37,000 in additional interest to Intex Enterprises. On August 22, 1989, the Company agreed to convert its promissory note and accrued interest totalling \$423,500 into 423,500 shares of IHL common stock. Warrants held by the Company for the purchase of 1,260,000 shares were retired in exchange for an additional 126,000 shares of common stock of IHL. Due to the subsequent deterioration of the financial condition of IHL, the Company has valued its holdings of IHL at approximately \$137,000, resulting in a charge to expense of approximately \$286,000 in fiscal year 1990. Also the Company purchased approximately \$204,000 in computer software programming from IHL during the year ended June 30, 1989.

[REDACTED] Company, are respectively the general partner and a limited partner of Intex Partners, which is a related party of IHL and Intex Enterprises.

b6
b7c

Telecommunications Industries, Inc. - TII has provided the Company with various equipment, telemarketing, programming and product fulfillment support services. The Company acquired computer hardware and software from TII totalling approximately \$3,360,000, and \$2,063,000 for the years ended June 30, 1989 and 1988, respectively, and incurred approximately \$2,565,000, \$1,245,000, and \$873,000 in charges for services for the same periods. The Company charged facility rent to TII in the amount of \$287,000 for the period ended June 30, 1988. The Company charged approximately \$683,000 and \$142,000 of operating costs and management fees to TII for the years ended June 30, 1990 and 1989, respectively. Included in the consolidated balance sheets are \$225,000 and \$227,000 of accounts receivable due from TII, at June 30, 1990 and 1989, respectively. Also included in the consolidated balance sheets are approximately \$266,000 of noncurrent liabilities due to TII at June 30, 1989.

[*57] [HARDCOPY PAGE F-26]

Cycliphase Software License - In April 1983, the Company agreed to grant 250,000 shares of its unregistered common stock to Cycliphase or its designee in exchange for an exclusive ten-year license to the television broadcast use of certain Cycliphase software and stock market data. Cycliphase assigned its right to receive the 250,000

shares to Infotech. Such shares were issued by the Company in September 1983. The agreement also provides for the Company to reimburse Cycliphase for certain communications and other direct costs associated with the transmission of data. These costs aggregated approximately \$124,000 and \$77,000 for the periods ended June 30, 1989 and 1988. The cost of the Cycliphase software license represents the estimated fair market value of the Company's unregistered common stock, as determined by management, and approximates the value of the license as determined by an independent appraisal firm. The cost of the Cycliphase software license is being amortized over ten years (the term of the license) on a straight-line basis. The assets of Cycliphase were acquired by TII in 1983.

United Press International, Inc. - United Press International (UPI) purchases the right to transmit over a portion of the Company's VBI and the customized computer programming related thereto. In addition, the Company has been developing a Universal Selector Box (USB) to be used in the UPI communications network. The Company billed to UPI \$17,700,000 during the year ended June 30, 1990 for the VBI and USB services. Although such amount was collected by the Company, because it was paid by UPI from proceeds received from the various lease financing transactions during fiscal year 1990, (see Note 8), no revenue has been recognized by the Company. Additionally, net proceeds from lease financing transactions transferred to UPI approximate \$17,000,000 which has been reflected as an expense in the June 30, 1990 statement of operations. The Company recorded approximately \$7,700,000 and \$1,900,000 of VBI revenue during the years ended June 30, 1989 and 1988, respectively.

The Company purchased approximately \$863,000 of satellite equipment and approximately \$81,000 of news services from UPI during the year ended June 30, 1989. The Company provided approximately \$290,000 of management services to UPI during this same period. The Company also purchased television episodes from UPI during fiscal year 1990 totalling approximately \$522,000. Included in the consolidated balance sheet is approximately \$4,837,000 of accounts receivable from UPI at June 30, 1989. The majority of this and 1990 receivables totalling approximately \$5,658,000 were written-off as uncollectible in fiscal year 1990.

[*58] [HARDCOPY PAGE F-27]

Included in the consolidated balance sheet is the remaining receivable from UPI at June 30, 1990 of approximately \$267,000.

The Learning Channel, Inc. - The Company recorded approximately \$168,000 and \$159,000 of sales commission revenue for services provided to TLC during the years ended June 30, 1990 and 1989, respectively. Included in the consolidated balance sheet is approximately \$5,000 and \$79,000 of accounts receivable from TLC at June 30, 1990 and 1989, respectively.

Shark Information Services Corp. (SISC) - The Company provided

management and consulting services to SISC, which is a wholly-owned subsidiary of SHI, connected with SISC's purchase of Wang Financial Information Services Corporation, and charged SISC \$201,000 for these services during the year ended June 30, 1990. Included in the consolidated balance sheet is approximately \$201,000 of accounts receivable from SISC at June 30, 1990.

Infotechnology Data Resources, Inc. (IDR) - The amount charged to the Company by IDR for computer related services was approximately \$742,000 for the year ended June 30, 1990. Included in the consolidated balance sheet is approximately \$290,000 of liabilities to IDR at June 30, 1990.

11. Contingencies

The Company has been named as a defendant, along with certain directors and officers or former directors and officers of the Company and others, in a consolidated purported class action filed in the U.S. District Court for the Central District of California. The consolidated action alleges violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 20, relating to disclosures in filings with the Securities and Exchange Commission (SEC), press releases and other public communications, and relating to a series of related party transactions. The consolidated complaint also makes state law claims for negligent misrepresentations and fraud and deceit. Plaintiffs are seeking compensatory and punitive damages, as well as prejudgment and postjudgment interest, together with reasonable costs and fees. The Company has been named as a nominal defendant, and its directors, a former director, and certain officers or former officers have also been named as defendants in a purported derivative lawsuit filed in the Los Angeles Superior Court alleging, among other things, breaches of duties of loyalty and care and mismanagement.

[*59] [HARDCOPY PAGE F-28]

Plaintiffs are seeking damages as well as costs and fees associated with the action.

The Company does not carry directors' and officers' liability coverage; however the Bylaws of the Company do provide for indemnification of directors, officers, employees and other agents to the maximum extent permitted by California law.

Presently there are substantial unresolved issues with respect to the persons who might be included in the class and the methodology and assumptions upon which the plaintiffs are expected to rely in calculating damages and other matters relating to damages. Accordingly, a reasonable estimation of the Company's potential liability, if any, cannot be made at the present stage of the proceedings and, therefore, no provision for such liability has been made in the financial statements. A provision for an estimate of the Company's indemnification of directors and officers has been made in the financial statements.

The Company is engaged in numerous other legal actions arising in the ordinary course of its business, including among others, disputed liabilities associated with its discontinued Telshop business and personnel related matters. In the opinion of management, any monetary liability or financial impact to the Company beyond that provided as of June 30, 1990 with respect to these legal actions would not be material to the consolidated results of operations and financial condition of the Company.

On October 25, 1990, the Company learned that the SEC has issued a formal order of investigation with respect to possible violations of certain provisions of the Securities Exchange Act of 1934 and rules thereunder regarding the Company's financial reports, transactions with related companies and accounting matters, and, on October 26, 1990, the Commission subpoenaed certain financial and other records of the Company. The SEC has also subpoenaed certain documents and materials from officers, directors, related companies of FNN and others. The Company is cooperating with the SEC in the investigation. The investigation is not anticipated to have any direct monetary consequence to the Company other than legal fees for which the Company has reserved in its financial statements.

[*60] [HARDCOPY PAGE F-29]

12. Income Taxes

The components of income tax expense are as follows (in thousands):

	Year Ended		Ten Months Ended
	June 30, 1990	June 30, 1989	June 30, 1988
Current:			
Federal	\$ -	\$ 76	\$ 126
State	-	521	634
Income tax benefit from discontinued operations	-	826	233
Total current	-	1,423	993
Deferred:			
State	-	118	(133)
Total provision for income taxes for continuing operations	\$ -	\$1,541	\$ 860

The provision for deferred income taxes arises from reporting income and expenses for financial reporting purposes in a year which differs from that in which such income and expenses are reported for income tax purposes. The sources of these temporary differences are primarily as a result of trade and barter transactions, provision for losses on accounts receivable, and depreciation and amortization.

[*61] [HARDCOPY PAGE F-30]

The Company has net operating loss carryforwards of approximately \$75,500,000, to offset future taxable income for financial reporting purposes. Such carryforwards for Federal income tax reporting purposes are approximately \$72,300,000 at June 30, 1990 and expire at various dates from 1999 through 2005. The excess of carryforwards for financial reporting purposes is the net result of expenses recognized for financial but not tax reporting purposes, primarily as a result of losses recognized from the equity method of accounting for the Company's investments in Shark Holdings, Inc. and The Learning Channel, Inc.

At the date of acquisition, Data Broadcasting Corporation (DBC) has net operating loss carryforwards of approximately \$16,500,000, expiring at various dates from 2000 to 2002. The utilization of these carryforwards may be limited due to changes in the tax law by the Tax Reform Act of 1986 which imposed restrictions on the use of loss carryforwards when there was a change in ownership of a company.

In December, 1987, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 96, Accounting for Income Taxes. The Company adopted this statement on July 1, 1988. The adoption had no significant effect on the financial statements.

[*62] [HARDCOPY PAGE F-31]

The provision for income taxes related to continuing operations differs from the amount computed by applying the statutory federal income tax rate to income (loss) before taxes, as follows:

	Year Ended		Ten Months Ended
	June 30, 1990	June 30, 1989	June 30, 1988
Income taxes (benefit) at statutory rate	(34.0%)	34.0%	34.0%
State income taxes (Net of Federal benefit)	-	4.4	4.7

Alternative Minimum			
Tax	-	0.9	1.7
Amortization of goodwill	-	3.0	1.7
Realized tax benefit of net operating loss	-	(16.6)	(24.1)
Accounting limitation on deferred tax benefit	34.0	-	-
Net tax benefit on loss from discontinued operations	-	(7.9)	(5.9)
Other	-	1.4	(0.3)
	0.0%	19.2%	11.8%

13. Stock Options and Warrants

Stock Warrants - As of June 30, 1990 the Company has outstanding warrants covering 169,173 shares of common stock at \$6.38 per share that expire in January 1991.

1984 Key Employees Incentive Stock Option Plan

The 1984 Key Employees Incentive Stock Option Plan (the Plan) provides for the granting of options to key employees of the Company and its subsidiaries to purchase not more than 500,000 shares of common stock. In determining which employees are to receive options and the number of shares to be covered by each option, the Company considers the employee's position, responsibilities, service and accomplishments, present and future value to the Company, the anticipated length of future service and other relevant factors. The option price of stock to be issued is 100% of the market value on the date of grant.

[*63] [HARDCOPY PAGE F-32]

October 1987, July 1988, and November 1988 Stock Option Plans

These plans are nonqualified stock option plans, providing for the granting of options to key employees of the Company to purchase not more than 1,029,489 shares of common stock. In determining which employees are to receive options and the number of shares to be covered by each option, the Company considers the employee's position, responsibilities, service and accomplishments, present and future value to the Company, the anticipated length of future service and other relevant factors. The option price of stocks to be issued is 100% of the market value on the date of grant.

Summary information with respect to options issued under the Plan and the nonqualified stock option plans (NSO) follows:

	Number of Shares	
	ISO	NSO
Outstanding and exercisable at 7/1/88	184,500	424,500
Granted	33,500	792,489
Exercised	(16,605)	(5,000)
Forfeited	(20,875)	(72,000)
Outstanding and exercisable at 6/30/89	180,520	1,139,989
Granted	10,000	387,000
Exercised	(67,075)	(154,332)
Forfeited	(3,745)	(39,120)
Outstanding and exercisable at 6/30/90	119,700	1,333,537

(TABLE CONTINUED)

	Option Price Per Share
Outstanding and exercisable at 7/1/88	\$2.220-13.875
Granted	\$1.720-12.250
Exercised	\$4.500- 8.000
Forfeited	\$3.625-13.875
Outstanding and exercisable at 6/30/89	\$1.720-12.250
Granted	\$2.220- 7.313
Exercised	\$1.720- 8.000
Forfeited	\$3.625-10.750
Outstanding and exercisable at 6/30/90	\$1.720-12.250

[*64] [HARDCOPY PAGE F-33]

14. Cash Flow Information

For cash flow reporting purposes, the Company considers all highly liquid temporary cash investments with original maturities generally of

three months or less to be cash equivalents.

Net cash flow from operating activities reflects cash payments for interest and income tax as follows (in thousands):

	Years Ended		Ten Months Ended
	June 30, 1990	June 30, 1989	June 30, 1988
Interest paid	\$3,812	\$263	\$ 95
Income taxes paid	\$ 562	\$764	\$705

Non-cash investing and financing activities excluded from the consolidated statements of cash flows consist primarily of the acquisition of equipment through lease transactions amounting to approximately \$7,404,000, of which approximately \$4,000,000 relates to equipment previously owned by United Press International. During the periods ended June 30, 1989 and 1988, the Company acquired 20% and 80%, respectively, of the capital stock of ISN valued at \$4,674,000 and \$15,500,000, respectively, in stock-for-stock transactions.

15. Other Information

Advertising expense (including the amounts entered into under trade and barter agreements) approximated \$2,821,000, \$3,643,000, and \$1,145,000 for the periods ended June 30, 1990, 1989, and 1988, respectively.

Repairs and maintenance expense approximated \$595,000, \$210,000 and \$177,000 for the periods ended June 30, 1990, 1989, and 1988, respectively.

[*65] [HARDCOPY PAGE F-34]

16. Business Segments

The Company currently operates in two distinct business segments: Media and Data Broadcasting. The Media segment broadcasts financial, business, and sports news over the Company's cable network, Financial News Network. The Data Broadcasting segment transmits securities pricing information to its subscribers via personal computers and hand-held receivers, and includes the operations of the Company's subsidiary, DBC and the Company's net investment in and equity in net losses of Shark Holdings, Inc. (SHI).

No allocation of general and administrative expenses has been made in the accompanying table to Affiliated and Non-Affiliated categories.

Summarized financial information by business segment is as follows (in thousands):

	Year Ended June 30, 1990	Year Ended June 30, 1989 Total	Affi- liated	Non-Affi- liated
Revenues				
Media	\$ 36,055	\$ 34,085	\$ 1,286	\$32,799
Data Broadcasting	16,557	10,523	8,150	2,373
Consolidated	\$ 52,612	\$ 44,608	\$ 9,436	\$35,172
Operating profit (loss)				
Media	\$ (38,765)	\$ 22,915	\$ 275	\$22,640
Data Broadcasting	(4,609)	8,312	7,567	745
Subtotal	(43,374)	31,227	\$ 7,842	\$23,385
Selling general & Administrative	(4,327)	(22,141)	-	-
Interest	(4,379)	(306)	-	-
Equity in losses of SHI (Data Broadcasting segment)	(446)	-	-	-
Equity in income of Information and Services Network, Inc. (ISN)	141	(765)	-	-
Payments to UPI	(16,900)	-	-	-
Consolidated income (loss) from continuing operations before income taxes	\$ (69,285)	\$ 8,015	-	-
Identifiable assets				
Media	\$ 35,367	\$ 28,371	\$ 6,391	\$21,980
Data Broadcasting	20,847	9,599	6,854	2,745
Investment in SHI (Data Broadcasting)	17,792	-	-	-
Total Data Broadcasting	38,639	9,599	6,854	2,745
Investment in ISN	18,952	19,638	-	19,638
Discontinued Operations	-	-	-	-

Consolidated	\$ 92,958	\$ 57,608	\$13,245	\$44,363
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(TABLE CONTINUED)

	10 Months Ended June 30, 1988		
	Total	Affi- liated	Non-Affi- liated
Revenues			
Media	\$ 28,751	\$ 3,161	\$25,590
Data Broadcasting	3,193	2,224	969
Consolidated	\$ 31,944	\$ 5,385	\$26,559
Operating profit (loss)			
Media	\$ 21,195	\$ 3,161	\$18,034
Data Broadcasting	2,285	2,224	61
Subtotal	23,480	\$ 5,385	\$18,095
Selling general & Administrative	(14,122)	-	-
Interest	(95)	-	-
Equity in losses of SHI (Data Broadcasting segment)	-	-	-
Equity in income of Information and Services Network, Inc. (ISN)	(1,955)	-	-
Payments to UPI	-	-	-
Consolidated income (loss) from continuing operations before income taxes	\$ 7,308	-	-
Identifiable assets			
Media	\$ 18,106	\$11,270	\$ 6,836
Data Broadcasting	5,346	49	5,297
Investment in SHI (Data Broadcasting)	-	-	-
Total Data Broadcasting	5,346	49	5,297

Investment in ISN	15,405	-	15,405
Discontinued Operations	3,652	-	3,652
Consolidated	\$ 42,509	\$11,319	\$31,190

[*66] [HARDCOPY PAGE F-35]

	Year Ended June 30, 1990	Total	Year Ended June 30, 1989 Affi- liated	Non-Affi- liated
Depr. & Amort. Expense				
Media	\$13,420	\$4,021	\$ 754	\$3,267
Data Broadcasting	2,261	1,093	659	434
Discontinued operations	-	796	671	125
Consolidated	\$15,681	5,910	\$2,084	\$3,826

Capital Expenditures				
Media	\$ 8,195	\$6,108	\$1,254	\$4,854
Data Broadcasting	11,521	2,823	1,793	1,030
Discontinued Operations	-	989	989	-
Consolidated	\$19,716	\$9,920	\$4,036	\$5,884

(TABLE CONTINUED)

	10 Months Ended June 30, 1988 Total	Affi- liated	Non-Affi- liated
Depr. & Amort. Expense			
Media	\$ 1,218	\$365	\$ 853
Data Broadcasting	782	254	528
Discontinued operations	532	-	532
Consolidated	\$ 2,532	\$619	\$ 1,913

Capital
Expenditures

Media	\$ 5,617	\$ -	\$ 5,617
Data Broadcasting	3,850	-	3,850
Discontinued			
Operations	2,111	-	2,111
Consolidated	\$11,578	\$ -	\$11,578

[*67] [HARDCOPY PAGE F-36]

17. Discontinued Operations

On May 19, 1989, the Company discontinued operations of the Telshop segment. Net revenues of the discontinued segment were approximately \$12,648,000, and \$10,059,000 for the year ended June 30, 1989 and the ten months ended June 30, 1988, respectively.

In fiscal year 1990, the Company's original estimate as to the disposition of Telshop assets was revised, resulting in an additional loss of approximately \$3,536,000. Additionally, the Company recognized income of approximately \$460,000 as a result of settlements of liabilities at amounts less than recorded. The net amount, approximately \$3,076,000, is recorded as a loss from discontinued operations for fiscal year 1990. The Company recorded a loss from operations of the discontinued segment of approximately \$3,471,000 and \$1,473,000 (net of income tax benefit of \$826,000 and \$233,000, respectively) for the periods ended June 30, 1989 and 1988, respectively. The Company incurred a loss on disposal of Telshop assets of approximately \$190,000 for the year ended June 30, 1989, which is included in the loss from discontinued operations.

18. Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has sustained a significant loss in the current year and, as discussed in 7, the Company has given notice to its lenders of events that constitute default under its loan agreements. The Company has also informed leasing companies of events which may constitute default under leasing agreements. As discussed, in Note 11, the Company is also involved in significant shareholder suits. In addition, the Company anticipates significant negative cash flow in fiscal year 1991. These factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

The Company's management has implemented a plan of overhead reductions and is currently negotiating with its banks and leasing companies to amend covenants or default provisions or obtain waivers. The Company has also retained an investment banking firm to offer for sale some or all of the Company's operations and other assets.

[*68] [HARDCOPY PAGE F-37]

19. Quarterly Financial Data and Significant Fourth Quarter Adjustments
June 30, 1989

Amounts not adjusted for discontinued operations.

(In thousands, except per share amounts)

	Revenues	Gross Profit	Net Income	Net Income Per Share
Year ended June 30, 1989 (Unaudited)				
First Quarter	\$14,157	\$ 7,955	\$ 502	\$0.03
Second Quarter	14,582	8,218	650	0.04
Third Quarter	16,408	10,055	747	0.05
Fourth Quarter	12,108	5,747	1,104	0.06
	\$57,255	\$31,975	\$3,003	-

Quarterly information for the year ended June 30, 1990, has not been provided because the Company has not met the requirements needed to provide such information.

In the fourth quarter of fiscal year 1990, the Company recorded significant adjustments associated primarily with the reversal of previously recognized related party revenues, as described in Note 10; the write-off of receivables from United Press International; the expensing of net payments made to UPI (see Note 10); the recognition as a development cost of amounts which were previously capitalized; and the reduction of capitalized production and program acquisition costs to their net realizable value.

In addition, the Company recorded and additional loss associated with the discontinuance of Telshop operations of approximately \$3,076,000.

[*69] [HARDCOPY PAGE F-41]

THE LEARNING CHANNEL, INC.

[*70] [HARDCOPY PAGE F-42]

THE LEARNING CHANNEL, INC.
BALANCE SHEETS

ASSETS

	March 31,	
	1990	1989
Current assets		
Cash and cash equivalents	\$ 969,195	\$ 411,989
Accounts receivable, less allowance for doubtful accounts of \$50,568 in 1990 and \$34,798 in 1989	1,246,388	1,138,355
Broadcast rights and deferred production costs	341,883	51,457
Prepaid expenses	76,751	12,958
Deferred income tax benefit	40,502	-
Total current assets	2,674,719	1,614,759
Property and equipment		
Building	224,593	224,593
Equipment and furniture	1,568,672	1,499,702
	1,793,265	1,724,295
Less accumulated depreciation	(907,770)	(640,359)
	885,495	1,083,936
Transponder rights, net	616,957	779,167
Broadcast rights and deferred production costs, less current portion	246,014	12,052
Deposits and other assets	221,883	190,976
Deferred income tax benefit	-	18,718
	\$4,645,068	\$3,699,608

LIABILITIES AND
SHAREHOLDERS' EQUITY

Current liabilities

Current portion of long-term debt	\$ 260,235	\$ 258,122
Accounts payable and accrued expenses	1,392,735	491,239
Broadcast rights payable	120,737	-
Deferred revenues	93,028	141,469
Deferred income taxes	-	38,903
Total current liabilities	1,866,735	929,733

Long-term debt, less current portion	193,718	455,953
Deferred rent liability	76,022	87,385
Broadcast rights payable, less current portion	25,000	-
Total liabilities	2,161,475	1,473,071
Shareholders' equity		
Common stock; \$.01 par value, 1,000,000 shares authorized, 421,356 and 421,015 shares issued and outstanding	4,214	4,210
Additional paid-in-capital	1,830,135	1,828,092
Retained earnings	649,244	394,235
Total shareholders' equity	2,483,593	2,226,537
Commitments		
	\$4,645,068	\$3,699,608

The accompanying notes are an integral part of these financial statements.

[*71] [HARDCOPY PAGE F-43]

THE LEARNING CHANNEL, INC.
STATEMENTS OF INCOME

Year ended March 31,
1990 1989

Revenues

License fees	\$ 4,579,890	\$3,797,092
Advertising	4,640,605	3,796,149
Barter revenue	820,776	877,247
Other operating revenue	804,182	679,295
	10,845,453	9,149,783

Expenses

Salaries and benefits	2,828,308	2,390,160
Advertising and promotion	2,727,746	1,864,219
General and administrative	2,089,192	2,125,012
Transponder operations and maintenance	1,286,875	1,288,675

Amortization of broadcast rights and production costs	1,011,627	902,503
Depreciation and amortization of transponder rights	429,621	367,512
	10,373,369	8,938,081
Income from operations	472,084	211,702
Other income (expense)		
Interest income	55,062	66,781
Interest expense	(68,841)	(115,633)
	(13,779)	(48,852)
Income before income taxes	458,305	162,850
Provision for income taxes	203,296	96,581
Net income	\$ 255,009	\$ 66,269

The accompanying notes are an integral part of these financial statements.

[*72] [HARDCOPY PAGE F-44]

THE LEARNING CHANNEL, INC.
STATEMENTS OF CASH FLOWS

Year ended March 31,
1990 1989

Cash flows from operating activities

Net income	\$ 255,009	\$ 66,269
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	620,472	392,768
Deferred income taxes	(60,687)	(102,781)
Increase in accounts receivable	(108,033)	(408,980)
(Increase) decrease in prepaid expenses	(63,793)	107,532
(Increase) decrease in		

deposits and other assets	(35,165)	34,775
Increase (decrease) in accounts payable and accrued expenses	901,496	(11,531)
Increase in broadcast rights payable	145,737	-
(Decrease) increase in deferred revenues	(48,441)	34,331
(Decrease) increase in deferred rent liability	(11,363)	16,150
Net cash provided by operating activities	1,595,232	128,533
Cash flows from investing activities		
Additions to broadcast rights and deferred production costs	(710,981)	(19,000)
Acquisition of property and equipment	(68,970)	(145,169)
Deposit for transponder rights	-	(100,000)
Net cash used by investing activities	(779,951)	(264,169)
Cash flows from financing activities		
Principal payments of long-term borrowings	(260,122)	(368,210)
Exercise of common stock warrants	-	153,075
Exercise of common stock options	2,047	-
Net cash used by financing activities	(258,075)	(215,135)
Net increase (decrease) in cash and cash equivalents	557,206	(350,771)
Cash and cash equivalents, beginning of year	411,989	762,760
Cash and cash equivalents, end of year	\$ 969,195	\$ 411,989

The accompanying notes are an integral part of these financial statements.

[*73] [HARDCOPY PAGE F-45]

THE LEARNING CHANNEL, INC.
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED MARCH 31, 1990 AND 1989

	Common stock		Additional paid-in capital
	Shares	Amount	
Balance at March 31, 1988	410,810	\$4,108	\$1,675,119
Exercise of common stock warrants	10,205	102	152,973
Net income	-	-	-
Balance at March 31, 1989	421,015	4,210	1,828,092
Exercise of common stock options	341	4	2,043
Net income	-	-	-
Balance at March 31, 1990	421,356	\$4,214	\$1,830,135

(TABLE CONTINUED)

	Retained earnings	Total
Balance at March 31, 1988	\$327,966	\$2,007,193
Exercise of common stock warrants	-	153,075
Net income	66,269	66,269
Balance at March 31, 1989	394,235	2,226,537
Exercise of common stock options	-	2,047
Net income	255,009	255,009
Balance at March 31, 1990	\$649,244	\$2,483,593

The accompanying notes are an integral part of these financial statements.

[*74] [HARDCOPY PAGE F-46]

THE LEARNING CHANNEL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 1990 AND 1989
 1 - Organization

The Learning Channel, Inc. (TLC) is a national satellite to cable network which broadcasts a variety of programs, telecourses and teleconferences which supplement curricula, provide continuing information for professionals and present contemporary problems in education. Prior to April 1, 1986, the network operated as a wholly-owned subsidiary of American Community Service Network (ACSN), a nonprofit corporation which continues to maintain an ownership interest in TLC.

2 - Summary of Significant Accounting Policies

Presentation of Financial Statements

Certain prior year amounts in the financial statements have been reclassified to conform with the current year's presentation.

Cash Equivalents

Cash equivalents have maturities of three months or less, and consist primarily of commercial paper and money market funds.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method over estimated useful lives of seven years. The building has been constructed on leased land and is being depreciated over 56 months.

Transponder Rights

Rights acquired to lease a satellite transponder are recorded at cost and are amortized on the straight-line method. Accumulated amortization of transponder rights amounted to \$483,043 and \$320,833 at March 31, 1990 and 1989, respectively. Effective October 1, 1989, TLC changed the estimated useful life of such rights from ten to seven years to reflect its current estimate of the transponder's remaining useful life, which increased amortization expense by approximately \$52,000 in fiscal 1990.

[*75] [HARDCOPY PAGE F-47]

Broadcast Rights and Deferred Production Costs

Costs incurred for broadcast rights acquired under license agreements are stated at cost less accumulated amortization. Costs incurred for the production of original programming are deferred and stated at cost less accumulated amortization. Broadcast rights and deferred production costs are amortized on the straight-line method over the period during which the programming will be broadcast, which generally ranges from one to three years and approximates amortization that would be provided on a program-by-program basis. Unamortized broadcast rights and production costs expected to be amortized within one year are classified as current assets.

Barter Revenue

TLC has entered into an agreement with ACSN whereby TLC exchanges broadcast time for certain programming produced or obtained by ACSN. Barter revenue is recognized at the fair value of the programming received, which is based upon actual program costs incurred by ACSN or other producers. Barter revenue and related programming amortization expenses are recognized when the programming is broadcast.

3 - Broadcast Rights and Deferred Production Costs

TLC produces its own programming and licenses the rights to broadcast programming through fixed term agreements with independent film producers and distributors. Broadcast rights and deferred production costs consisted of the following:

	December 31,	
	1990	1989
Broadcast rights	\$ 359,051	\$ 44,000
Deferred production costs	415,439	39,915
	774,490	83,915
Less accumulated amortization	(186,593)	(20,406)
	587,897	63,509
Less current portion	(341,883)	(51,457)
Non-current portion	\$ 246,014	\$ 12,052

Contractual obligations incurred in connection with the licensing of broadcast rights aggregated \$145,737 at March 31, 1990, and were payable \$120,737 in fiscal 1991 and \$25,000 in fiscal 1992.

[*76] [HARDCOPY PAGE F-48]

4 - Long-Term Debt

Long-term debt, including current instalments, consisted of the following:

	March 31,	
	1990	1989
Term loan payable to bank	\$380,000	\$620,000
Unsecured note payable to ACSN	73,953	94,075
	453,953	714,075
Less current portion	260,235	258,122

\$193,718

\$455,953

TLC's term loan is payable in varying monthly principal instalments through February 1992. Interest accrues at the bank's prime lending rate (10% at March 31, 1990) plus 1%, and is payable monthly. Pursuant to the terms of the underlying loan and security agreement. TLC has granted the bank a first security interest in substantially all of its tangible and intangible assets. Additionally, the loan and security agreement includes several covenants, the more significant of which require TLC to maintain satisfactory financial ratios; place restrictions on additional aggregate borrowings; place restrictions on additional aggregate capital expenditures; and prohibit distribution of dividends.

During April 1986, TLC issued ACSN a \$215,000 non-interest bearing note, payable in annual instalments of \$30,000. The outstanding balance of \$90,000 at March 31, 1990 is included in the accompanying financial statements net of the unamortized discount of \$16,047, imputed at 10.5%.

Maturities of TLC's long-term debt at March 31, 1990 are \$260,235 in fiscal 1991, \$168,570 in fiscal 1992 and \$25,148 in fiscal 1993.

Cash paid for interest aggregated \$70,434 and \$117,545 in fiscal 1990 and 1989, respectively.

5 - Capital Stock

Pursuant to the terms of agreements entered into by and among TLC, ACSN and Infotechnology, Inc. (Infotech) during April 1986, TLC granted Infotech a non-transferable option to purchase up to such number of additional shares of its common stock that would result in Infotech and its affiliates owning 51% of TLC's common stock on a fully-diluted basis. The stock purchase agreement also provided that ACSN, at its election, could require any purchase of TLC's common stock pursuant to the exercise of Infotech's option be made from shares held by ACSN and other participating shareholders.

[*77] [HARDCOPY PAGE F-49]

Subsequent to March 31, 1990, Infotech exercised its option by purchasing 57,886 shares of TLC's outstanding common stock from ACSN and other shareholders, resulting in Infotech and its affiliates owning 257,886 of TLC's outstanding common shares.

During fiscal 1986, the Board of Directors adopted an Incentive Stock Option Plan under which options to purchase up to 89,190 shares of TLC's common stock may be issued to employees at a per share price equal to its fair value at the date of grant as established by the Board of Directors. At March 31, 1990, there were 83,790 outstanding options with exercise prices ranging from \$4.20 to \$10.00 per share. All options become exercisable at the rate of one-third of the shares granted per year on the anniversary of the grant date. At March 31,

1990, there were 83,022 options which were exercisable. The options expire five years after the date of grant at dates ranging from February 1991 through May 1992.

During fiscal 1987, the Board of Directors granted 1,024 non-qualified common stock options to certain employees and reserved 1,024 shares of TLC's common stock for issuance under such options. During fiscal 1990, there were 341 options exercised and 171 options expired. At March 31, 1990, there were 512 options outstanding, all of which were exercisable at \$6.00 per share. Options outstanding at March 31, 1990 expire in fiscal 1992.

6 - Income Taxes

The provision for income taxes consisted of the following:

	Year ended March 31,	
	1990	1989
Currently payable:		
Federal	\$221,142	\$ 170,361
State	42,841	29,001
	263,983	199,362
Deferred (benefit)		
liability:		
Federal	(78,298)	(92,336)
State	17,611	(10,445)
	(60,687)	(102,781)
	\$203,296	\$ 96,581

Deferred income taxes reflect timing differences in the recognition of revenue and expenses for tax and financial reporting purposes. These timing differences relate primarily to the use of cash basis accounting for income tax reporting purposes prior to fiscal 1989.

[*78] [HARDCOPY PAGE F-50]

A reconciliation of the Federal statutory tax rate of 34% for fiscal 1990 and 1989, and TLC's effective tax rate is:

	Percent of	
	pre-tax income	
	1990	1989
Federal statutory		
tax rate	34.0%	34.0%
Increase (decrease)		
in taxes arising		
from:		

State income taxes, net of Federal tax benefit	4.6	5.9
Non-deductible expenses	5.7	16.0
Other	.1	3.4
Effective tax rate	44.4%	59.3%

In December 1987, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes" (SFAS No. 96), which mandates the liability method of accounting for income taxes. TLC has elected to postpone adoption of SFAS No. 96 until the effective date. Adoption of the statement is not expected to have a material impact to TLC's financial position or operating results.

Cash paid for income taxes aggregated \$173,080 and \$285,369 in fiscal 1990 and 1989, respectively.

7 - Employee Benefit Plan

TLC sponsors a defined contribution employee benefit plan covering substantially all employees with at least one year of service. Under the terms of the plan, TLC is required to contribute 1% of each participant's annual compensation and match 25% of voluntary employee contributions to the plan, which are subject to statutory limitations. The Board of Directors approved additional contributions to the plan during fiscal 1990 and 1989 equal to 3% of each participant's annual compensation. Costs incurred under this plan were approximately \$76,000 in fiscal 1990 and \$65,000 for fiscal 1989.

8 - Transactions with Related Parties

During fiscal 1990 and 1989, approximately \$821,000 and \$877,000 in barter revenue (Note 2) and related programming amortization expenses were recorded relating to programming obtained from ACSN.

Other operating revenue includes approximately \$85,000 in fiscal 1990 and 1989 charged to ACSN for management and support services in conjunction with the production of certain programming.

Advertising and promotion expense in fiscal 1990 and 1989 includes approximately \$191,000 and \$80,000 respectively for advertising sales commissions earned by an affiliate of Infotech.

[*79] [HARDCOPY PAGE F-51]

9 - Commitments

TLC leases certain of its facilities and equipment under non-cancelable operating leases that expire at various dates through fiscal 1994.

Future minimum lease payments are:

Fiscal year

1991	\$242,289
1992	206,314
1993	105,296
1994	4,801

\$558,700

Total rent expense approximated \$209,000 and \$177,000 in fiscal 1990 and fiscal 1989, respectively.

TLC leases a satellite transponder under an agreement which is renewable annually at a cost of approximately \$1,260,000.

TLC has entered into an agreement to lease a satellite transponder expected to be launched in fiscal 1993. Pursuant to the terms of this agreement, TLC has deposited \$100,000 as of March 31, 1990 and is required to deposit an additional \$400,000 in fiscal 1992. Upon the successful launch of the satellite, TLC will be required to make minimum annual payments of \$2,160,000 for a ten year period expiring in fiscal 2002.

[*80] [HARDCOPY PAGE 31]

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company terminated Deloitte & Touche ("Deloitte") as its independent auditors prior to completion by Deloitte of the audit of the Company's fiscal year 1990 financial statements. On October 12, 1990, the Company filed a Form 8-K which disclosed several disagreements between the Company and Deloitte. Deloitte filed a letter with the Securities and Exchange Commission agreeing with the Company's disclosures as to the disagreements. The June 30, 1990 audited financial statements include adjustments associated with each of the disagreements disclosed in the Form 8-K.

[*81] [HARDCOPY PAGE 32]

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

a. Directors

The following table sets forth certain information relating to each of the directors of the Company as of November 30, 1990.

Name	Office Held With the Company	Director Since	Age
------	---------------------------------	-------------------	-----



1982	48
1983	60
1982	52
1983	68
1982	61
1985	51
1983	47
1985	38

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- (1) Member of the Executive Committee during fiscal 1990, which Committee has since been dissolved.
- (2) Member of the Compensation Committee.
- (3) Member of the Audit Committee.
- (4) Member of Special Committee which investigated conduct of former
- (5) Member of Special Litigation Committee.

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[*82] [HARDCOPY PAGE 33]



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There are no family relationships among the directors or executive officers of the Company.

b. Executive Officers

The following table contains information as of November 30, 1990 as to the executive officers of the Company who are not also directors of the Company.

Name

Office Held With
Company

Age

	54
	53
	51
	34
	51
	51
	39
	47
	44
	36

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ITEM 11. EXECUTIVE COMPENSATION

a. Cash Compensation

The following table sets forth all cash compensation for services paid by the Company for the fiscal year ended June 30, 1990 to each of the Company's five most highly compensated executive officers whose cash compensation exceeded \$60,000, and all executive officers as a group:

[*86] [HARDCOPY PAGE 37]

CASH COMPENSATION TABLE

Name of Individual or Number In Group	Capacities in Which Served	Cash (1) (2) Com- pensation
---	-------------------------------	-----------------------------------

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All Executive Officers
as a group (11
persons) (5)

\$1,238,547

- (1) The remuneration does not include amounts expended by the Company that may have value as a personal benefit to the named individuals or the group; however, the total value of such benefits did not exceed the lesser of \$25,000 or 10% of the cash and cash equivalent remuneration of any person, nor did the aggregate value of such cash benefits received by the group as a whole exceed the lesser of \$25,000 times the number of persons in the group or 10% of the group's total cash and cash equivalent remuneration.
- (2) The cash compensation paid for the executive officers reflected in this table includes amounts received by such executive officers as bonuses as more fully described below.
- (3)
 See "Item 11. Executive Compensation - Compensation Pursuant to Plans" for information as to not properly authorized payments made to
- (4) Not including in not properly authorized payments received by See "Item 11. Executive Compensation - Compensation Pursuant to Plans" below.
- (5) During fiscal year 1990, the salaries of some of the Company's officers, not named in the table above, were paid by Infotech or Advanced Corporate Services.

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[*87] [HARDCOPY PAGE 38]

b. Compensation Pursuant to Plans

During the fiscal year ended June 30, 1990, certain executive officers of the Company, named below, were employed pursuant to individual employment agreements.

For the 12 month period ended August 1, 1989, was employed pursuant to an agreement with the Company. He was eligible to receive a maximum of of his base salary per annum based upon achievement of for business line responsibilities and other agreed to goals. In addition, during fiscal 1990 received non-qualified options to purchase a total of shares of the Company's common stock subject to certain forfeiture provisions. No employment agreement exists for the period following August 1, 1989.

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In addition to payments under his authorized compensation agreement, received not properly authorized payments of an additional . These payments, apparently made on instruction,

were originally improperly characterized on the books of the Company as equipment rental payments but were made to a company controlled by [redacted] and for his benefit. [redacted] claimed that the payments were made pursuant to an incentive compensation arrangement linked to [redacted] efforts to [redacted] for the Company. The Special Committee ultimately concluded that [redacted] had caused compensation payments to be made for his benefit which were not properly authorized and not properly identified on the Company's books in the aggregate amount of [redacted] during fiscal 1990. The Company is considering its legal remedies (and has given notice of a claim under its fidelity bond), to seek recovery of such amounts which it believes were improperly received by [redacted]

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[redacted] is employed pursuant to an employment agreement with the Company for the term [redacted] is eligible to receive a bonus equivalent to a maximum of [redacted] of his base salary per annum. The amount of such bonus is dependent upon the achievement of [redacted] is to receive [redacted] of revenues reached over the agreed upon revenue goals. [redacted] also received a [redacted] bonus in fiscal 1990 for achievement of certain subscriber goals and in January 1991, will be due an additional bonus of [redacted]. In addition, he received non-qualified stock options to purchase [redacted] shares of common stock of the Company vesting over the two year period of his employment agreement. If he is terminated for cause, he shall receive all bonuses to which he is entitled for the quarter in which termination takes place and the subsequent quarter. If he is terminated without cause or if a change in control of the Company should occur, [redacted] is entitled to receive the remaining value of his agreement pursuant to its terms which

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[*88] [HARDCOPY PAGE 39]

includes the contract value through the term date plus six months severance.

Pursuant to his employment agreement for the term [redacted] [redacted] received a cash bonus of [redacted] paid quarterly. During the term of his agreement, a new agreement was negotiated with an increase in salary based upon the achievement of [redacted]. In addition, [redacted] was granted [redacted] shares of the Company's common stock, restricted as to resale and non-qualified options for [redacted] shares of the Company's common stock, vesting over the term of the employment agreement. [redacted] employment agreement further states that in the event he is terminated for other than cause, he shall receive three months severance following a three month notification period, and all bonuses to which he is entitled for the quarter he is terminated and the subsequent quarter. If the Company is sold, he will be entitled to receive the amount of stock options earned pursuant to his agreement. [redacted] is currently negotiating an agreement for the 1991 fiscal year.

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Pursuant to his employment agreement for the fiscal year ended [redacted] [redacted] is scheduled to receive a bonus of [redacted] In

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addition, [] was granted non-qualified options to purchase [] shares of common stock of the Company.

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[] was employed pursuant to an agreement for the term []
[] In accordance with this agreement, []
[] received a bonus of [] of the first []
revenue achieved for the Company and [] if Company [] revenues
exceeded [] In addition, [] was granted non-qualified
options to purchase [] shares of common stock. [] is
currently negotiating an agreement for fiscal 1991.

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As [] was employed for the
fiscal year ended [] pursuant to an employment agreement
which by its terms entitled him to a bonus equal to [] upon the
achievement of [] up to a maximum of []
[] also received a bonus of [] for the achievement of
certain [] In addition, during fiscal 1990, []
was granted non-qualified options to purchase [] shares of the
Company's common stock. Pursuant to his employment agreement for the
term [] will receive a bonus of
[] for the first [] in profits to a maximum of [] In
the event of termination for just cause or voluntary resignation, no
remuneration is due him past the date of termination. In the event of
a change in control of Infotech, which owns approximately 46% of the
Company, [] will have the right to terminate his agreement and
receive those payments to which he is entitled under the terms of the
agreement.

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[*89] [HARDCOPY PAGE 40]

In [] the Company and Infotech jointly entered into a
consulting agreement with [] and [] regarding
their engagement as interim [] Officers of the Company
and of Infotech. Pursuant to the terms of the agreements, the Company
and Infotech are each obligated to pay []
[] per month per individual on a month to month basis. In the
event that the Company or Infotech is unable to pay its share of this
compensation, the other company is required to pay. Under a separate
agreement between Infotech and FNN, each company agrees to reimburse
the other for any portion of the compensation so paid on its behalf.

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The agreements further provide that, on delivery of any new financing
of any kind received by the Company and/or Infotech and/or their
respective affiliates, [] will each be
entitled to a fee equal to [] of the total amount of such financing.
In the event that a sale of the Company or Infotech or any of their
affiliates is consummated either during the term of the agreements or,
if initiated during such term, during a 12-month period after the
termination of the agreements, [] will
each be entitled to a fee equal to [] of the first [] of
the sale price, [] of the next [] of the sale price and
[] of any amount of the sale price over [] In the event
that a new investment partner is found and the Company is restructured,

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[redacted] will each have the option to purchase up to [redacted] of the restructured entity for five years at [redacted] of the price paid per share based on a public or private offering or an appraisal by an independent third party. Either the Company or Infotech may terminate either consultancy agreement; in such event, the individual whose agreement is terminated shall be entitled immediately to terminate the agreement with the other corporation, without further obligation to either corporation.

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The Company and Infotech have also jointly entered into separate indemnification agreements with [redacted] which agreements generally provide that [redacted] shall be indemnified and held harmless by the Company and by Infotech with respect to the work performed for those respective entities pursuant to the consulting agreements described above to the fullest extent permitted by law.

In September 1990, Infotech entered into a consulting agreement with BESTCITY LIMITED to supply to Infotech and FNN the financial consulting services of [redacted] a director of FNN, through [redacted] for a fee equal to [redacted] per month (approximately [redacted]). Because [redacted] devotes at least 50% of his time to FNN, FNN has assumed 50% of Infotech's payment obligations beginning December 1, 1990.

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The Company has entered into a severance agreement effective as of [redacted] relating to the termination

[*90] [HARDCOPY PAGE 41]

of his employment as [redacted] of the Company. Under the agreement, [redacted] will continue to serve as [redacted] of the Company, at the pleasure of the Board, and will be paid a severance of [redacted] per annum through [redacted] (the payment of which, however, will be deferred until a future date). [redacted] will also be entitled to receive the same package of fringe benefits he was receiving prior to termination of his employment, with the Company paying approximately [redacted] of the cost thereof and Infotech the balance, continuation of the [redacted] and the right to [redacted] upon the termination of the [redacted] (the Company will be required to pay the lease buy-out price). [redacted] will also be provided with office space and administrative support. The Company also has entered into a consulting agreement with [redacted] under which he will provide consulting services to the Company at the Company's request, but for no more than [redacted] of his active business time. He will be reimbursed for expenses reasonably incurred by him while providing such services. This arrangement will be effective as of [redacted] and terminate on [redacted] unless earlier terminated by the Company or [redacted]

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The Company's Board of Directors has voted to defer all payments to directors, except for [redacted] until such time as the Board determines that the Company is able to make such payments.

Incentive Stock Option Plan

The 1984 Key Employees Incentive Stock Option Plan (the "ISOP") was approved by the Board of Directors and stockholders effective April 4, 1984. The ISOP provides for the granting of options to key employees of the Company and its subsidiaries to purchase not more than 500,000 shares of Common Stock. The purpose of the ISOP is to provide an incentive for certain key employees of the Company to provide such employees with an equity interest or to increase their equity interest in the Company, to encourage them to remain in the employ of the Company, and to assist in attracting new key employees to the Company. In determining which employees are to receive options and the number of shares to be covered by each option, the Company considers the employee's position, responsibilities, service and accomplishments, present and future service and other relevant factors. Options must be exercised prior to April 4, 1994. If an optionee's employment is terminated for any reason other than death or disability, then options exercisable at the time of such termination may be exercised for a period of 90 days thereafter.

Pursuant to the Plan, options to purchase 700 and 4,000 shares of Common Stock were granted during the ten months ended June 30, 1988, and the year ended August 31, 1987, respectively. No options have been granted under the ISOP during fiscal years 1989 and 1990.

[*91] [HARDCOPY PAGE 42]

Selected Employees' Stock Option Plans

The Company has also adopted the following Employee Stock Option Plans:

1) The October 1987 Selected Employees' Stock Option Plan; 2) The July 1988 Selected Employees' Stock Option Plan; 3) The November 1988, Selected Employees' Stock Option Plan; 4) The September 1989 Plan; and 5) the May 1990 Plan (collectively the "Plans").

These Plans permit the grant of options to purchase up to 1,403,989 shares of Common Stock of the Company, at a price equal to the fair market value of the Common Stock at the date of the grant. Options are exercisable upon issue subject to continued employment, with certain exceptions, and expire generally five years after the date of grant.

Accordingly, the Company has from time to time in recent years granted to certain key employees, advisors, and directors of the Company and its subsidiaries, as well as to certain key employees and advisors of Infotech, the beneficial owner of approximately 46% of the Company, the opportunity to purchase shares of Common Stock of the Company pursuant to the Plans. The purpose of the Plans is to attract and retain persons who will contribute to the future growth and success of the Company by providing employees of the Company an opportunity to purchase shares of the Company's Common Stock, and to reward employees, directors and advisors of the Company for services rendered to the

Company. Only employees, advisors and directors of the Company who are specifically designated by the Compensation Committee of the Board of Directors, the administrators of the Plan, are eligible to participate in the Plans. In determining employees who are to receive options and the number of shares to be covered by each option, the Compensation Committee considers the employee's position, responsibilities, service, accomplishments, present and future value to the Company, the anticipated length of his/her future services and other relevant factors.

Stock Option Plans

During fiscal year 1990, the Company granted options to purchase 374,500 shares of Common Stock to 36 persons who were employees, officers and directors of the Company. The table below sets forth information concerning all options to purchase shares of Common Stock granted to or exercised during the last fiscal year by the executive officers of the Company named in the Cash Compensation Table and all executive officers as a group:

[*92] [HARDCOPY PAGE 43]

	Options for Common Stock Granted		Options Exercised	
	July 1, 1989	Average Price	July 1, 1989	
	June 30, 1990	Per Share	June 30, 1990	
		\$7.00	0	
		\$7.00	0	
		\$7.00	0	
		\$7.10	0	
		\$7.00	0	
All Executive Officers as a Group (10 persons)	157,000	\$7.00	0	

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See also Note 13 of the Notes to the Consolidated Financial Statements.

The Company has in the past filed registration statements on Forms S-3 (registration numbers 33-9842 and 33-32400) and S-8 (registration numbers 33-30267 and 2-91666) relating to its stock option plans. In view of the unavailability of financial statements required by such registration statements and the withdrawal of Deloitte's opinion as to the 1989 audit, the Company expects to terminate such registration statements on Forms S-3 and S-8 and optionees should not rely upon

information contained in such registration statements and accompanying prospectuses.

c. Other Compensation

None.

d. Compensation of Directors

During fiscal year 1990, all directors received a fee of \$750 per board meeting attended and were reimbursed for travel expenses. Also during fiscal year 1990, eight of the nine directors received options to purchase 15,000 shares of the Company's Common Stock at a price of \$7.00 per share in compensation for services rendered. [REDACTED] received options to purchase [REDACTED] shares of the Company's Common Stock at a price of \$7.00 per share.

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For services performed as members of special committees of the Company, such outside director received \$750 per committee meeting attended. Directors who are members of regular committees of the Board did not receive compensation for such service. Directors who
[*93] [HARDCOPY PAGE 44]

are also employees of the Company received no additional compensation for attendance at special committee meetings.

e. Termination of Employment and Change of Control Arrangement

The Company currently has no compensation plan or arrangement with respect to any individual named in the Cash Compensation Table (Item 11(a)) which results or will result from the resignation, retirement, or any termination of such individual's employment with the Company or from a change in control of the Company or a change in the individual's responsibilities following a change in control.

However, the Company does have such an arrangement for its interim co-chief executive officers. See "Item 11. Executive Compensation - Compensation Pursuant to Plans."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

a. Security Ownership of Certain Beneficial Owners

The following table sets forth the beneficial ownership at December 3, 1990 of all persons who, to the knowledge of the Company, owned beneficially more than 5% of the Company's Common Stock, which is the only class of voting securities of the Company. Except to the extent indicated in the footnotes, the stockholder listed below has sole voting and investment power with respect to the shares listed.

Name and Address Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
--------------------------------------	---	------------------------

Infotechnology, Inc.	7,548,198 - Direct	46.22%
320 Park Avenue	926,155 -	
New York, NY 10022	Indirect (1)	

- (1) Includes 806,155 shares of the Company's Common Stock held by Questech Capital Corporation ("Questech"), a wholly owned subsidiary of Infotech. Also includes 120,000 shares of the Company's Common Stock held by Pacific Telecommunications Systems, Inc. ("PTSI"), a wholly owned subsidiary of Infotech.

b. Security Ownership of Management

The following table sets forth, as of December 3, 1990, the number of shares of the Company's Common Stock beneficially owned by each director and by all directors and officers of the Company as a group:

[*94] [HARDCOPY PAGE 45]

Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent Of Class
		(*)
		(*)
		(*)
		(*)
		(*)
		(*)
		(*)
Directors and officers as a group (19 persons)	822,907 - (5)	4.49%

(*) Less than one percent.

- (1) Includes 110,000 shares which may be acquired upon exercise of presently exercisable options. Does not include shares held by Infotech, Questech and PTSI. [] disclaims beneficial ownership of shares held by Infotech, Questech and PTSI.
- (2) Includes 50,000 shares which may be acquired upon exercise of presently exercisable options or options which may be exercised within 60 days hereof.

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- (3) Includes 88,333 shares which may be acquired upon exercise of presently exercisable options or options which may be exercised within 60 days hereof.
- (4) Includes 60,000 shares which may be acquired upon exercise of presently exercisable options or options which may be exercised within 60 days hereof.
- (5) Includes a total of 763,833 shares which may be acquired upon exercise of presently exercisable options or options which may be exercised within 60 days hereof.

[*95] [HARDCOPY PAGE 46]

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Infotech, a publicly-held, New York-based integrated information technology and communications concern, is a principal stockholder of the Company. [REDACTED]

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[REDACTED] do not receive compensation pursuant to the management services contract discussed below.

Infotech has provided and will continue to provide management services to the Company in accordance with the terms of a written agreement between Infotech and the Company, which expires December 31, 1990, and is renewable for one year terms thereafter. Infotech is reimbursed at per diem rates not in excess of \$1,500 plus out of pocket expenses for each person providing such services. The aggregate fees charged for management services to the Company for the fiscal year 1990 by Infotech was approximately \$497,000 and expenses incurred for the benefit of FNN, by Infotech, were approximately \$200,000.

The Company subleased office space to Infotech totalling approximately \$363,000 for the period ended June 30, 1990.

On August 28, 1990, FNN and Infotech entered into an agreement which amended agreements of November 1987 and December 1988 relating to the exercise of the TLC option. Under the amended agreement, FNN acquired 28,943 shares of TLC at a purchase price of \$434,000. In addition,

until August 28, 1991, FNN may acquire 28,943 shares of TLC stock from Infotech in exchange for \$4,023,084 or, at Infotech's option, its equivalent in FNN common stock. The terms of this agreement were reviewed and approved by a Special Committee composed of independent FNN directors.

In September 1985, the Company sublicensed the rights to its Financial News Composite Index ("FNCI") to INTEX. INTEX has developed an automated services trading system and uses the FNCI as a basis for the settlement of futures and options contracts. The sublicense term is for 15 years and provides that INTEX shall

[*96] [HARDCOPY PAGE 47]

pay the Company a 2-1/2 cents royalty per executed contract. [REDACTED]

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In February 1988, the Company sublicensed its rights to its ticker to display business news stories to Comtex for \$550,000 plus \$400,240 in reimbursement of development costs, for a ten year period commencing June 1, 1988 through May 31, 1998. Comtex has agreed to discharge its obligation by providing various news subscription services at the rate of \$95,020 per year. Revenues occurring from the sale of paid headlines will be allocated to FNN and Comtex based upon revenue sharing formulas. Infotech beneficially owns approximately 68% of Comtex. [REDACTED]

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In March 1988, the Company sublicensed its right to transmit over a portion of FNN's VBI to UPI, and also provided UPI with certain customized computer programming related thereto. The following directors, officers or former officers of FNN also hold or held positions as officers or directors of UPI during fiscal year 1990: [REDACTED] of both FNN and UPI; [REDACTED] of FNN also serves as [REDACTED] of UPI; [REDACTED] of FNN, also served as [REDACTED] of UPI during fiscal year 1990 and [REDACTED] served as an [REDACTED] of UPI during fiscal year 1990. [REDACTED] is currently an [REDACTED] of both FNN and UPI. [REDACTED] has recently been made an [REDACTED] of both UPI and FNN. [REDACTED] of the Company during fiscal year 1990 was also [REDACTED] of UPI during fiscal year 1990. The Company recorded no revenue for the fiscal year ended June 30, 1990 related to these transactions.

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In fiscal year 1990, the Company was charged approximately \$327,000 by ACS, a subsidiary of Infotech, for financial and other advisory services. Expenses incurred for the benefit of FNN by ACS were approximately \$370,000. [REDACTED] of the Company during fiscal year 1990, was [REDACTED] of ACS during fiscal year 1990. [REDACTED] of FNN, are [REDACTED] of [REDACTED]

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ACS.

Telecommunications Industries, Inc., ("TII"), an Infotech subsidiary, has provided the Company with various telemarketing, programming and product fulfillment support services. The Company charged approximately \$683,000 of operating costs and management fees to TII for the year ended June 30, 1990. [redacted] is a [redacted] of TII and [redacted] is an [redacted] of TII. [redacted] of the Company during fiscal year 1990, was [redacted] of TII during fiscal year 1990.

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[*97] [HARDCOPY PAGE 48]

In June 1990, FNN and Infotech entered into a shareholders' agreement relating to their ownership of Shark Holdings, Inc. ("SHI"). The terms of this agreement were reviewed and approved by a Special Committee composed of independent FNN directors.

[redacted] of the Company, is [redacted] of the law firm of Jones, Day, Reavis, & Pogue ("Jones, Day"). During fiscal year 1990, Jones, Day received \$9,385 from the Company for services performed during fiscal year 1989. Subsequent to June 30, 1990, Jones, Day has billed the Company \$11,126 for legal services rendered during fiscal year 1990.

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[redacted], an [redacted] of the Company and Infotech, is also [redacted] of Wertheim Schroder & Co. Inc. ("Wertheim Schroder") the Company's investment banking firm which has been retained to assist the Company in analyzing the financial condition and cash flow position of the Company at the rate of \$50,000 per month for a minimum of three months beginning in October 1990. Wertheim Schroder has also been retained to assist the Company in the possible sale of its assets. [redacted] has [redacted] [redacted] from Wertheim Schroder since October 1990 when he was retained as [redacted] of the Company.

See also "Item 11. Executive Compensation - Compensation Pursuant to Plans."

[*98] [HARDCOPY PAGE 49]

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

I. (a) Financial Statement Schedules and Exhibits

The financial statement schedules and exhibits are filed as part of this annual report.

(b) Reports on Form 8-K

On June 22, 1990 the Company filed on Form 8-K a report on the acquisition by FNN and Infotech of the stock of Wang Financial Information Services Corp., a wholly owned subsidiary of Wang Laboratories, Inc.

On August 21, 1990, the Company filed an amendment to the report on Form 8-K filed on June 22, 1990 to provide required financial and pro form information.

On September 4, 1990, the Company filed a report on Form 8-K stating that it, along with Infotech, had agreed to acquire 51% of the fully-diluted equity of TLC.

On October 12, 1990, the Company filed on Form 8-K a report that it had terminated its independent accountants, Deloitte & Touche and had subsequently engaged Coopers & Lybrand to perform the audit for the fiscal year ended June 30, 1990.

On October 30, 1990, the Company filed a report on Form 8-K stating that the Board of Directors [REDACTED]

[REDACTED] effective

immediately. The Company also reported that preliminary bids for the 51% of The Learning Channel collectively held by the Company and Infotechnology, Inc. had been received and that discussions were continuing. In addition, the Company reported that the SEC had issued a formal order of investigation with respect to possible violations of the Securities Act of 1934. Finally, the Company reported that it had been named as a defendant, along with certain director and officers, or former officers of the Company, in three purported class actions filed in the District Court for the Central District of California, alleging, among other things, violations of Section 10(b) and Rules 10b-5 thereunder relating to disclosures in SEC filings and press releases.

[*99] [HARDCOPY PAGE 50]

On November 28, 1990, the Company filed a report on Form 8-K that the National Association of Securities Dealers, Inc. had granted to the Company a temporary exception to one of the listing requirements of the NASDAQ system.

(c) Exhibits

Exhibits to this Form 10-K are found in a separate Exhibit Volume.

- 3.1 Articles of Incorporation of the Registrant, (incorporated by reference to the Registrant's Registration Statement on Form S-2 filed on March 3, 1982 (the "Form S-2")).
- 3.2 Bylaws of the Registrant (incorporated by reference to the Form S-2).
- 4.1 Form of Indenture covering the Debentures (including form of Debenture) (incorporated by reference to the Registration

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b7c

Statement on Form S-1 filed on October 25, 1983 (the "Form S-1").

- 10.1 License Agreement dated April 22, 1983, between the Company and Cycliphase Corporation, (incorporated by reference to the Form S-1).
- 10.2 Sublicense, dated September 9, 1985, between the Company and Intex Partners (incorporated by reference to Amendment No. 1 to the Annual Report on Form 10-K for the fiscal year ended August 31, 1986).
- 10.3 Line of Credit, with CoastFed Business Credit Corp.; and Revolving Credit with Merrill Lynch and Valley Bank of Nevada (incorporated by reference to Amendment No. 1 to the Annual Report on Form 10-K for the fiscal year ended August 31, 1986).
- 10.4 1984 Key Employees Incentive Stock Option Plan, as amended through January 9, 1985 (incorporated by reference to Amendment No. 1 to the Annual Report on Form 10-K for the fiscal year ended August 31, 1986).
- 10.5 Lease, dated October 1, 1986, between Financial News Network Inc. and Hughes Television Network, Inc. (incorporated by reference to the

[*100] [HARDCOPY PAGE 51]

Annual Report on Form 10-K for the fiscal year ended August 31, 1987).

- 10.6 Lease Agreement dated July 21, 1988, between Registrant and Exxon Corporation (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1988).
- 10.7 Lease Agreement dated July 13, 1987, between Registrant and 6701 Center Drive West (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1988).
- 10.8 Agreement dated January 27, 1988, between Registrant and John Hancock Leasing Corporation (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1988).
- 10.9 Agreement dated August 26, 1988, between Registrant and Signal Capital Corporation (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1988).
- 10.10 Line of Credit with CoastFed Business Credit Corp. (incorporated by reference to the Annual Report on Form

10-K for fiscal year ended June 30, 1988).

10.11 Agreement dated May 2, 1988 between Registrant and GE American Communications, Inc. (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1988).

10.12 Credit Agreement dated February 14, 1989 between Registrant and Security Pacific National Bank (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1989).

10.13 Agreement dated January 2, 1989, between Registrant and Infotechnology, Inc. (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended June 30, 1989).

10.14 Asset Purchase Agreement dated December 20, 1989 by and among Lotus Development Corporation and Lotus Information Network Corporation and

[*101] [HARDCOPY PAGE 52]

Financial News Network Inc. (incorporated by reference to Amendment No. 1 to Form 8-K filed on January 12, 1990).

10.15 Stock Purchase Agreement dated June 7, 1990 between Wang Laboratories, Inc. ("WLI") and Shark Information Services Corp. ("SISC"); Preferred Stock Purchase Agreement dated June 7, 1990 among Shark Holdings, Inc., WLI and Infotech; Plan and Agreement of Merger dated June 7, 1990 between SISC and WFISC (incorporated by reference to Form 8-K filed on June 22, 1990).

10.16 Employment Agreements between the Company and [REDACTED]

10.17 Share Purchase and Amendment Agreement, dated August 28, 1990 by and between the Company and Infotechnology, Inc.

10.18 Loan Agreement among the Company, Toronto-Dominion Bank, and Security Pacific Bank dated November 15, 1989, and Amendment to the Loan Agreement dated February 6, 1990.

10.19 Separate Agreements between the Company and [REDACTED]

10.20 Consulting Agreement between the Company and [REDACTED]

10.21 Agreement dated September 1989 between the Company and Hughes Communications Galaxy, Inc. (Confidential treatment requested)

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- 11 Statement Regarding Computation of Per Share Earnings.
- 22 Subsidiaries of the Registrant.

(d) Financial Statement Schedules Following Signature Page

All other schedules have been omitted as the required information is either inapplicable or included in the Consolidated Financial Statements.

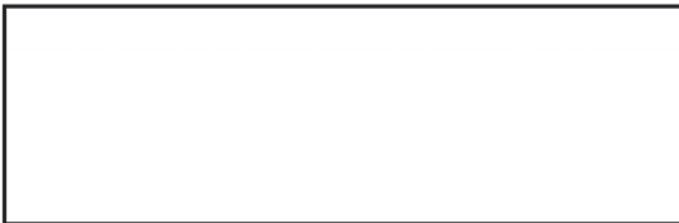
[*102]

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FINANCIAL NEWS NETWORK INC.

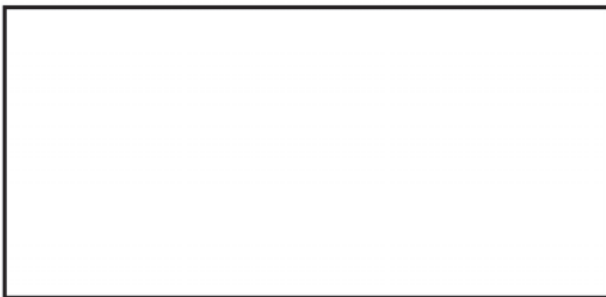
By:



By:

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b7C

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.



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[*103]



b6
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(*) The Company does not currently have a Chief Financial Officer;
however, as the highest ranking financial officer of the Company,
[REDACTED] is signing in his capacity as [REDACTED]
[REDACTED]

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b7C

[*104]

Directors:

[REDACTED]

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b7C

[*105]

SEC ONLINE INC.
SCHEDULE INDEX

NUMBER	DESCRIPTION	PAGE
II	AMOUNTS RECEIVABLE FROM RELATED PARTIES-CURRENT	106
IV	INDEBTEDNESS TO RELATED PARTIES-CURRENT	107
VIII	VALUATION AND QUALIFYING ACCOUNTS	108

[*106] [HARDCOPY PAGE F-38]

SCHEDULE II

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES - CURRENT

June 30, 1990

(In thousands)

Name of Debtor:	TII	Infotech	IHL	UPI	IPC
Balance at June 30, 1988:					
Current	\$ 45	\$ 655	\$ 374	\$ 1,937	\$ 836
Not-current					
Additions:	198	404	37	8,039	774
Deductions:					
Amounts collected	(16)	(313)	-	(5,139)	(692)
Amounts written off	-	-	-	-	-
Balance at June 30, 1989:					
Current	\$ 227	\$ 746	-	\$ 4,837	\$ 918
Not-current	-	-	411	-	-
Additions:	264	-	12	1,088	-
Deductions:					
Amounts collected (1), (2)	(266)	(746)	(423)	-	(100)
Amounts written off	-	-	-	(5,658)	(687)
Balance at June 30, 1990	\$ 225	\$ -	\$ -	\$ 267	\$ 131

(TABLE CONTINUED)

Name of Debtor:	QBA	TLC	Comtex	Shark Holdings Inc. (3)	Other
Balance at June 30, 1988:					
Current	\$ -	\$ -	\$ 100	\$ -	\$ -
Not-current	-	-	328	-	-
Additions:	58	159	-	-	-
Deductions:					
Amounts collected	(13)	(80)	(4)	-	-
Amounts written off	-	-	(424)	-	-

Balance at June

30, 1989:

Current	\$ 45	\$ 79	\$ -	-	-
Not-Current	-	-	-	-	-
Additions:	-	168	-	201	5

Deductions:

Amounts collected

(1), (2)	(45)	(242)	-	-	-
----------	------	-------	---	---	---

Amounts written off	-	-	-	-	-
---------------------	---	---	---	---	---

Balance at June

30, 1990

\$ -	\$ 5	\$ -	\$201	\$5
------	------	------	-------	-----

(TABLE CONTINUED)

Name of Debtor: Total

Balance at June

30, 1988:

Current	\$ 3,947
---------	----------

Not-Current	328
-------------	-----

Additions:	9,669
------------	-------

Deductions:

Amounts collected	(6,257)
-------------------	---------

Amounts written off	(424)
---------------------	-------

Balance at June

30, 1989:

Current	\$ 6,852
---------	----------

Not-Current	411
-------------	-----

Additions:	1,738
------------	-------

Deductions:

Amounts collected

(1), (2)	(1,822)
----------	---------

Amounts written off	(6,345)
---------------------	---------

Balance at June

30, 1990

\$ 834

(1) Includes settlements through offset of indebtedness to related parties.

(2) Intex Holdings, Ltd. (Intex) receivable was replaced with common stock of Intex Holdings, Ltd. (See Note 10 the financial statements.)

(3) Included in Investments at June 30, 1990, is a \$5,000,000 note receivable from Shark Information Services Corp. (SISC) pursuant to a term loan agreement. The note is accruing interest at 12% at June 30, 1990 and is to be repaid in annual installments of \$1,000,000 beginning in June 1991. Also included in Investments at

June 30, 1990 is a \$4,500,000 senior demand note receivable accruing interest at 12%. The principal, together with all accrued interest thereon, is receivable 180 days after demand by the Company.

[*107] [HARDCOPY PAGE F-39]

SCHEDULE IV

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES

SCHEDULE IV - INDEBTEDNESS TO RELATED PARTIES - CURRENT

June 30, 1990

(In thousands)

Name of Person:	Infotech	TII	IDR	Advanced Corpo- rate Services	UPI
Balance at June 30, 1988:	\$ 372	\$ 989	-	\$ 76	-
Indebtedness to:					
Additions	643	4,605	-	557	\$ 944
Deductions	(253)	(5,328)	-	(495)	(891)
Balance at June 30, 1989	\$ 762	\$ 266	\$ 0	\$ 138	\$ 53
Indebtedness to:					
Additions	891	2,565	742	327	-
Deductions (1)	(1,109)	(2,831)	(452)	(226)	(53)
Balance at June 30, 1990	\$ 544	\$ -	\$ 290	\$ 239	\$ -

(TABLE CONTINUED)

Name of Person:	IHL	Comtex	Other	TOTAL
Balance at June 30, 1988:	-	-	-	\$ 1,437
Indebtedness to:				
Additions	\$ 204	\$ 96	\$ 64	7,113
Deductions	(204)	(48)	-	(7,219)
Balance at June 30, 1989	\$ 0	\$ 48	\$ 64	\$ 1,331

Indebtedness to:

Additions	-	95	-	4,620
Deductions (1)	-	(134)	(29)	(4,834)

Balance at June

30, 1990	\$ -	\$ 9	\$ 35	\$ 1,117
----------	------	------	-------	----------

(1) Includes settlements through offset of amounts receivable from related parties.

[*108] [HARDCOPY PAGE F-40]

SCHEDULE VIII

FINANCIAL NEWS NETWORK INC. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

June 30, 1990

(In thousands)

	Balance at beginning of period	Charged to costs and expenses	Write offs/ Reco- veries	Balance at end of period
Allowance for doubtful accounts:				
June 30, 1988	\$ 310	\$1,062	\$ 416	\$ 956
June 30, 1989	956	1,165	534	1,587
June 30, 1990	1,587	7,571	7,148	2,010

[*109]

SEC ONLINE INC.
EXHIBIT INDEX

NUMBER	DESCRIPTION	PAGE
11	STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS	110
22	SUBSIDIARIES OF THE REGISTRANT	111

[*110]

EXHIBIT 11

FINANCIAL NEWS NETWORK INC.

EXHIBIT - EARNINGS PER SHARE COMPUTATIONS

	Year Ended June 30, 1989	Ten Months Ended June 30, 1988
Primary Computation:		
Weighted average common shares outstanding at end of period	17,419,298	15,379,145
Stock Options	1,046,564	282,075
Warrants	178,571	207,754
Less shares repurchased under treasury stock method	(792,060)	(343,505)
Weighted average number of common and common equivalent shares outstanding, at end of period	17,852,373	15,525,469
Fully diluted computation:		
Weighted average common shares outstanding at end of period	17,419,298	15,379,145
Stock Options	1,046,564	282,075
Warrants	178,571	207,754
Less shares repurchased under treasury stock method	(783,469)	(318,957)
Weighted average number of common and common equivalent shares outstanding at end of period	17,860,964	15,550,017

Because of the net loss for the year ended June 30, 1990, the stock options and warrants would be anti-dilutive, and therefore are not common equivalent shares.

[*111] [*111]

EXHIBIT 22

FINANCIAL NEWS NETWORK INC.
SUBSIDIARIES OF THE REGISTRANT

State of

Name	Incorporation
Data Broadcasting Corp.	Delaware
The Information and Services Network, Inc.	Delaware
Shark Holdings, Inc.	Delaware
Shark Information Services Corp.	Massachusetts

LENGTH: 43977 words

LOAD-DATE-MDC: January 31, 1991

LANGUAGE: ENGLISH

FROM
BUREAU FILE AND INITIAL

UPI 94

ADD UP-INS, NEW YORK (UPI 600)
FRANK BARTHOLOMEW, PRESIDENT OF UNITED PRESS, LATER SENT THE FOLLOWING TELEGRAPHIC REPLY TO THE DEPARTMENT OF JUSTICE:
"YOUR WIRE DATED MAY 2. RECEIVED TODAY. ON MAY 16, 1958, UNITED PRESS SIGNED AN AGREEMENT WITH HEARST CORPORATION CONSUMMATING THE MATTER ABOUT WHICH YOU INQUIRE. THE ANNOUNCEMENT HAD TO BE POSTPONED UNTIL VARIOUS OPERATIONAL ARRANGEMENTS WERE MADE TODAY. WE CANNOT SEE HOW THIS RAISES ANY QUESTION UNDER THE ANTI-TRUST LAWS. WE, OF COURSE, WILL BE GLAD TO HAVE AN OPPORTUNITY TO DISCUSS THE MATTER WITH YOU AND TO FURNISH YOU WHATEVER DATA IS NECESSARY TO DEMONSTRATE THE VALIDITY OF OUR POINT OF VIEW."

5/24--GD332P

3 JUL 3

1 - 5172
NOT RECORDED

44 JUN 30 1958

PI123

ADD UP-INS

THE E. W. SCRIPPS COMPANY WAS THE CONTROLLING STOCKHOLDER OF THE UNITED PRESS AND THERE WERE 36 PREFERRED SHAREHOLDERS. INTERNATIONAL NEWS SERVICE WAS OWNED BY THE HEARST CORPORATION.

5/24--NS1P

60-8177-A

UPI 60

(UP-INS)

NEW YORK--THE UNITED PRESS HERE TODAY RECEIVED THE FOLLOWING TELEGRAM FROM VICTOR HANSEN, ASSISTANT ATTORNEY GENERAL IN CHARGE OF THE ANTI-TRUST DIVISION OF THE JUSTICE DEPARTMENT IN WASHINGTON:

"I HAVE HEARD REPORTS TO THE EFFECT THAT UNITED PRESS AND INTERNATIONAL NEWS SERVICE CONTEMPLATE A MERGER. I WILL BE APPRECIATIVE IF YOU WILL INFORM ME WHETHER OR NOT THIS IS TRUE.

"IF SO, SUCH A MERGER MAY RAISE A SERIOUS QUESTION UNDER THE ANTI-TRUST LAWS AND I SHOULD LIKE THE OPPORTUNITY TO DISCUSS THE MATTER WITH YOU BEFORE ANY SUCH MERGER IS CONSUMMATED."

THE UNITED PRESS SAID A REPLY WOULD BE SENT LATER TODAY.

5/24--51237P

60-5172-4

NOT RECORDED
44 JUN 30 1958

38 JUL 3 1958

WASHINGTON CITY NEWS SERVICE

UP and INS Merged Into One News Agency

NEW YORK, May 25 (AP).—The United Press Associations and International News Service yesterday announced the signing of an agreement combining the two news services into an agency to be known as United Press International.

Frank H. Bartholomew, president and general manager of the UP, will become president of the organization, and Kingsbury Smith, vice president and general manager of INS, will be vice president and an associate general manager.

An announcement said agreements covering the consolidation were signed by both organizations on May 16, but that announcement of the step was delayed until the physical changeover plans could be worked out.

Economics a Factor

In a statement, Mr. Bartholomew said "economics was an important factor" in the creation of the news network. "Costs of covering the world's newsfronts have risen steadily with rapidly improving means

of transmitting both news and pictures by leased wire and electronic processes," he said.

The process of combining the systems into one network has been under way since last September, the announcement said.

Earl J. Johnson, vice president and general news manager of UP, said key personnel of INS will be retained and will reinforce the present UP staff. He did not disclose the number to be retained. The INS reportedly has 400 employees.

Antitrust Question

Earlier, the Justice Department was reported to have

asked the two agencies just what they intended to do under antitrust laws.

INS acknowledged receipt of a telegram from Victor Hansen, assistant attorney general in charge of the antitrust department.

UP declined comment as to whether it had received similar notice.

United Press is owned by the Scripps - Howard newspapers, and International News Service is operated through Hearst Consolidated Publications, Inc., of which William Randolph Hearst, Jr., is president.

TOP CLIPPING
DATED
FROM
MAY 25 1958
FILE AND INITIALED

Wash. Post and Times Herald _____
Wash. News _____
Wash. Star A37 _____
N. Y. Herald Tribune _____
N. Y. Journal-American _____
N. Y. Mirror _____
N. Y. Daily News _____
N. Y. Times _____
Daily Worker _____
The Worker _____
New Leader _____

Date _____

53 JUL 3 1958

44 JUL 10 1958

International News Service Merged With United Press

NEW YORK, May 24 (AP)—Two of the Nation's largest news agencies, United Press Association and the International News Service, today announced a consolidation to form a new service called United Press International.

A joint statement said the consolidation agreement was signed on May 16 but that a public announcement was delayed to permit formation of plans for the physical change-over.

Frank H. Bartholomew, (UP) president and general manager who was named president of the new organization, issued a statement saying in part:

"Economics was an important factor in the creation of the great new news network. Costs of covering the world's newsfronts have risen steadily with rapidly improving means of transmitting both news and pictures by leased wire and electronic processes."

Bartholomew also said that the consolidation "will assure a stronger competitive news and pictorial news report to newspapers, radio and television stations throughout the civilized world."

No Conclusion

Shortly after the merger was made public, Victor Hansen, assistant United States Attorney General in charge of the anti-trust department, said in Washington he planned a check to determine whether there was any conflict with anti-trust laws.

Hansen said he had reached no conclusion as to whether Clayton Anti-trust Act applied

to the situation but he said it seemed to apply.

"The merger may or may not be valid," Hansen said. "I just want to find out the facts."

Hansen said that when he heard rumors of the consolidation last night he sent a telegram to UP and INS officials asking them "to speak with me before consummating the merger."

Bartholomew sent the following reply to Hansen:

"We cannot see how this raises any question under the anti-trust laws. We, of course, will be glad to have an opportunity to discuss the matter with you and to furnish you whatever data is necessary to demonstrate the validity of our point of view."

The United Press International consolidation included the stillpicture services of both former organizations.

United Press Movietone also will be operated by United Press International. Telenews, a television news film service which has been operated by the INS, will be continued separately by the Hearst interests.]

Silent on Stock

The statement did not disclose what the respective stockholding interests in the new agency would be.

Work on the task of combining the two services into one news network has been under way since last September, it was said.

Earl J. Johnson, vice president and general news manager of the UP, announced that key personnel of INS will be retained and will reinforce the present UP staff. He did not state the number to be retained. The INS is reported to have some 400 employees.

Lyle Wilson, vice president and Washington general manager for United Press, said a total of eight INS Washington bureau correspondents and photographers had been absorbed immediately by the combined service "and we may take on some others later." INS employed 32 newsmen and eight photographers in Washington.]

The joint announcement said Kingsbury Smith, vice president and general manager of INS, will be vice president and an associate general manager of the new organization.

Along with the merger report, INS bureaus were notified to continue all operations as before but to use the UPI designation on all news material.

TOP CLIPPING
DATED

AND INITIALED

sh. Post and Times Herald **A21**
sh. News _____
sh. Star _____
Y. Herald _____
Tribune _____
Y. Journal- _____
American _____
Y. Mirror _____
Y. Daily News _____
Y. Times _____
ly Worker _____
e Worker _____
w Leader _____

Date

JUL 3 1958

NOT RECORDED

44 JUN 30 1958

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Best Available Copy

UPI - 100

(UPI)

CHAIRMAN EMANUEL CELLER OF THE HOUSE JUDICIARY COMMITTEE SAID TODAY MERGER OF THE UNITED PRESS AND INTERNATIONAL NEWS SERVICE POINTS OUT THE NEED FOR PASSAGE OF HIS BILL TO REQUIRE ADVANCE NOTICE OF PLANS TO MERGE.

THE NEW YORK DEMOCRAT, WHO ALSO IS CHAIRMAN OF THE JUDICIARY COMMITTEE'S ANTITRUST SUBCOMMITTEE, ISSUED THIS STATEMENT:

"THE MERGER, AGREED TO MAY 16 AND KEPT SECRET UNTIL ANNOUNCED MAY 14, OF THE UNITED PRESS ASSOCIATION AND THE INTERNATIONAL NEWS SERVICE IS HIGHLY IMPORTANT TO THE AMERICAN PUBLIC. THE NEW ORGANIZATION, UNITED PRESS INTERNATIONAL, TAKES OVER 5,000 PAPERS FROM THE UNITED PRESS AND 3,000 FROM THE INTERNATIONAL NEWS SERVICE, AS WELL AS THE INTERNATIONAL OPERATIONS OF INTERNATIONAL NEWS PICTURES AND THE STILL PICTURE SERVICE OF BOTH WIRE SERVICES.

"THE PUBLIC HAS AN ACUTE INTEREST IN ANY MERGER THAT AFFECTS THE CONTROL OF THE NEWS IT RECEIVES. IT IS ESSENTIAL IN A DEMOCRACY THAT THERE BE CONTINUED STRONG AND HEALTHY COMPETITION IN THE GATHERING AND DISTRIBUTION OF NEWS. THIS IS THE ONLY MEANS THE PUBLIC HAS TO ASSURE THE FLOW OF VITAL INFORMATION ESSENTIAL IN A DEMOCRACY. THIS MERGER REDUCES THE GENERAL NEWS GATHERING AGENCIES SERVING THE AMERICAN PUBLIC FROM THREE TO TWO.

"COMPETITION NOW HAS BEEN GREATLY REDUCED. IT MAY BE 'SUBSTANTIAL' LESSENED AS THAT TERM IS EMPLOYED IN THE CELLER-KEFAUVER AMENDMENT OF THE ANTI-MERGER SECTION OF THE CLAYTON ACT. UNDOUBTEDLY THE PUBLIC'S OPPORTUNITY TO GET NEWS HAS BEEN 'SUBSTANTIALLY' DIMINISHED. 'NEWS IS A COMMODITY THAT GROWS STALE QUICKLY. ANY TENDENCY TOWARD MONOPOLY IN A BUSINESS WHERE THE PRODUCT IS QUICKLY OUTMODDED IS PARTICULARLY DANGEROUS.

"I AM GLAD THAT THE DEPARTMENT OF JUSTICE ULTIMATELY WAS ALERTED TO ITS ACTION AND IS CONDUCTING AN INVESTIGATION TO DETERMINE ITS VALIDITY UNDER THE CELLER-KEFAUVER ACT. HOWEVER, SINCE THE AGREEMENT BECAME EFFECTIVE ON MAY 16, ASSETS MAY HAVE ALREADY BECOME COMMINGLED. IT WOULD BE DIFFICULT TO UNSCRAMBLE THESE ASSETS IF DIVESTITURE ULTIMATELY IS ORDERED BY A COURT AFTER TRIAL UNDER THE ANTI-MERGER STATUTES.

"THIS SITUATION SHARPLY POINTS UP THE NEED FOR PROMPT ENACTMENT OF PRE-MERGER NOTIFICATION BILL (H.R. 7698). THIS BILL WAS REPORTED BY THE HOUSE ON MAY 27, 1957 BY THE JUDICIARY COMMITTEE AND HAS BEEN HELD UP IN THE RULES COMMITTEE. MY BILL WOULD HAVE REQUIRED DISCLOSURE OF THIS MERGER TO THE ATTORNEY GENERAL 60 DAYS PRIOR TO ITS COMPLETION. IF IT HAD BEEN LAW, WE WOULD NOT HAVE HAD THIS SITUATION WHERE THERE HAS BEEN COMBINATION OF THESE COMPANIES BEFORE THE DEPARTMENT OF JUSTICE EVEN BECAME AWARE THE MERGER WAS CONTEMPLATED. IF THE DEPARTMENT OF JUSTICE HAD NOTICE IN ADVANCE, A COURT MAY NOT NOW BE FACED WITH A FACT ACCOMPLISHED IN THIS VITAL AREA OF NEWS GATHERING. AS IT IS, THE DEPARTMENT OF JUSTICE IS CONFRONTED WITH A SITUATION WHICH WILL VASTLY INCREASE THE DIFFICULTY IN ENFORCING THE ANTI-MERGER LAW."

53 JUL 3 1958

5/28--E149P

WASHINGTON CITY NEWS SERVICE

NOT RECORDED

44 JUN 30 1958

U. S. Ades, UPI Chief Discuss News Merger

President Frank H. Bartholomew of United Press International and a group of attorneys yesterday called at the Justice Department to discuss the merger last Saturday of United Press Association and International News Service.

Mr. Bartholomew, who was president of United Press and who became head of the new combined organization, was received by Assistant Attorney General Victor R. Hansen, head of the Antitrust Division, and Mr. Hansen's top aides.

Mr. Hansen on Saturday wired Mr. Bartholomew he had heard of the proposed consolidation and asked for an opportunity to discuss it before a merger was consummated.

Mr. Bartholomew later made public a reply in which he said the merger agreement had been carried out and that "we cannot see how this raises any question under the antitrust laws."

Supply Any Data

However, the UPI chief said he would be glad to supply any data "necessary to demonstrate the validity of our point of view."

When the Bartholomew party left the department late in the afternoon, Mr. Hansen advised newsmen that the conferees had agreed not to discuss the matter.

The department's public relations office asserted that the department has reached no conclusions on the consolidation.

A further conference with International News Service officials was arranged.

The INS group joining in yesterday's conference was headed by Kingsbury Smith, INS vice president and general manager who has become vice president and associate general manager of the new organization. He was accompanied by James V. Hayes, INS counsel, and Howard Kreider, accountant for the Hearst Corp., which operated INS until last Saturday.

Celler Scores Merger

Earlier in the day Chairman Emanuel Celler, Democrat of New York, of the House Judiciary Committee said the

merger of the two organizations has substantially put down the public's opportunity to get news.

The merger, he said, points up a need for passage of his bill requiring 60 days' advance notice to the Attorney General before a merger occurs.

Meanwhile, in New York, INS said nearly all of its approximately 400 editorial employees and 65 teletype operators received dismissal notices as a result of the merger. Most of them are covered by severance pay.

A UPI official could not say how many of the discharged employees had been rehired by the new organization. He did say some of them were in New York and Washington.

Wash. Post and Times Herald _____
Wash. News _____
Wash. Star A-12
N. Y. Herald Tribune _____
N. Y. Journal-American _____
N. Y. Mirror _____
N. Y. Daily News _____
N. Y. Times _____
Daily Worker _____
The Worker _____
New Leader _____

MCT-19

NOT RECORDED

44 JUN 10 1958

58 JUL 3

1958

World of Finance

Kefauver Urges Merger Injunction

Associated Press

Senator Estes Kefauver (D-Tenn.) urged the Justice Department yesterday to seek a temporary injunction to halt the merger of the United Press with International News Service.

The two news services announced Saturday that a merger agreement was signed May 16. The combined organization is now operating as United Press International (UPI).

Kefauver wrote Victor R. Hansen, Assistant Attorney General, directing the Anti-trust Division, that with the merger "the small newspaper and radio station is now faced with an absolute monopoly of national news, in having no other source to turn to unless it is voted into membership by AP (Associated Press)."

(AP membership and service are available to any qualified applicant who is willing to affiliate with the organization.)

Kefauver said he understood Justice Department officials were considering application for a preliminary injunction pending litigation, but that he feared such action is too late.

"In my opinion," Kefauver said, "this is a perfect example of the need for pre-merger notification legislation which is now pending before the Anti-trust and Monopoly Subcommittee of the Committee of the Judiciary, of which I am chairman."

At the Justice Department, officials said additional information on the merger had been requested of top officials of the organizations. They conferred yesterday with the anti-trust division.

TOP CLIPPING
DATED _____
FROM _____
MARKED FILE AND INITIALED

Wash. Post and Times Herald 123
Wash. News _____
Wash. Star _____
N. Y. Herald Tribune _____
N. Y. Journal-American _____
N. Y. Mirror _____
N. Y. Daily News _____
N. Y. Times _____
Daily Worker _____
The Worker _____
New Leader _____

Date _____

NOT RECORDED

44 JUN 30 1958

53 JUL 3 1958

U. S. 4

(UPI)

REP. KENNETH B. KEATING (R-N.Y.) SAID TODAY THAT "TRIGGER-HAPPY ANTI-TRUST ZEALOTS WHO HAVE RAISED SUCH A FURORE" OVER THE MERGER OF THE UNITED PRESS AND INTERNATIONAL NEWS SERVICE "MAY BE DOING A DISSERVICE TO THE AMERICAN PEOPLE."

KEATING IS RANKING MINORITY MEMBER OF THE HOUSE JUDICIARY COMMITTEE AND OF ITS ANTI-TRUST SUBCOMMITTEE.

"UNTIL THE RECORD IS FULLY DEVELOPED," KEATING SAID IN A STATEMENT, "IT IS FOLLY TO EXPRESS PREJUDGMENTS ABOUT LEGALITY OF THE RECENT UP-INS MERGER. THERE IS NO JUSTIFICATION WHATEVER FOR THE FRANTIC DEMANDS SOME ALREADY HAVE MADE FOR INJUNCTIONS AND SIMILAR DRASTIC MEASURES."

SEN. ESTES KEFAUVER (D-TENN.), CHAIRMAN OF THE SENATE ANTI-MONOPOLY SUBCOMMITTEE, HAS URGED THE JUSTICE DEPARTMENT TO "SERIOUSLY CONSIDER" SEEKING A PRELIMINARY COURT INJUNCTION AGAINST THE MERGER OF THE TWO NEWS SERVICES INTO THE NEW UNITED PRESS INTERNATIONAL.

ATTORNEY GENERAL WILLIAM P. ROGERS TOLD A NEWS CONFERENCE TUESDAY THAT ANTI-TRUST OFFICIALS STILL WERE CONFERRING WITH REPRESENTATIVES OF THE TWO FORMER COMPANIES. HE SAID HE EXPECTED A DECISION WITHIN A FEW DAYS ON WHETHER THE DEPARTMENT WOULD ACT. THE REPRESENTATIVES WERE ASKED TO BRING IN ADDITIONAL RECORDS.

IN URGING CAUTION ON JUDGING THE MERGER, KEATING SAID:

"THE PUBLIC CERTAINLY WOULD BE BETTER OFF WITH A MERGED UP AND INS IN CONTINUED OPERATION THAN WITH A FORCED SEPARATION OF THE TWO UNDER WHICH EITHER COULD SURVIVE. ONLY AN INVESTIGATION WILL DISCLOSE WHETHER THIS IS THE SITUATION CONFRONTING THE TWO GREAT NEWS SERVICES."

FRANK H. BARTHOLOMEW, PRESIDENT OF UNITED PRESS INTERNATIONAL, SAID IN ANNOUNCING THE MERGER THAT "ECONOMICS WAS AN IMPORTANT FACTOR" IN MAKING THE STEP. THE ASSOCIATED PRESS IS THE OTHER MAJOR NEWS WIRE SERVICE.

KEATING SAID THAT "PRIOR CONSULTATIONS WITH THE DEPARTMENT OF JUSTICE MIGHT HAVE OBVIATED MUCH OF THE UNCERTAINTY WHICH NOW SURROUNDS" THE MERGER.

BUT HE SAID "IT WOULD BE A MISTAKE TO ASSUME, AS SOME HAVE, THAT SUCH CONSULTATIONS WOULD NECESSARILY HAVE AVOIDED THE MERGER. OUR INTEREST IN ANY MERGER OF THIS MAGNITUDE SHOULD NOT BE EQUATED WITH A DESIRE TO BLOCK SUCH MERGERS REGARDLESS OF THE FACTS."

5/29-P1109A

53 JUL 3 1958

NOT RECORDED

44 JUN 30 1958

SEN. FRANK J. CELLER (D-N.Y.), CHAIRMAN OF BOTH THE JUDICIARY COMMITTEE AND ANTITRUST SUBCOMMITTEE, SAID MONDAY THAT THE UP-INS CONSOLIDATION "SHAPPLY POINTS UP THE NEED FOR PROMPT ENACTMENT" OF HIS PRE-MERGER NOTIFICATION BILL. CELLER'S PROPOSAL WOULD REQUIRE 60 DAYS NOTICE OF ANY MERGER TO THE ATTORNEY GENERAL PRIOR TO ANY MERGER.

CELLER NOTED THAT THE MERGER OF THE TWO NEWS SERVICES HAD BEEN ACCOMPLISHED BEFORE THE JUSTICE DEPARTMENT BECAME AWARE OF IT. HE SAID IF HIS PROPOSAL "HAD BEEN LAW, WE WOULD NOT HAVE HAD THIS SITUATION."

KEATING SAID HE DID "NOT PRETEND TO KNOW ALL THE FACTS." HE ADDED THAT HE SUPPORTS "THE EFFORTS OF THE DEPARTMENT OF JUSTICE TO OBTAIN ALL THE PERTINENT DATA."

"BUT IT IS SIGNIFICANT," HE CONTINUED, "THAT MANY NEWSPAPERS HAVE ATTRIBUTED THE UP-INS MERGER TO THE GOVERNMENT'S 1942 ANTITRUST SUIT AGAINST THE ASSOCIATED PRESS. IF THIS ANALYSIS IS CORRECT, IT PROVIDES A STRIKING ILLUSTRATION OF HOW COMPETITION MAY ACTUALLY BE SERIOUSLY IMPAIRED AS A RESULT OF MISGUIDED ANTITRUST ENFORCEMENT."

THE GOVERNMENT FORCED THE ASSOCIATED PRESS, A COOPERATIVE NEWS AGENCY OWNED BY ITS MEMBER NEWSPAPERS, TO SELL ITS SERVICE TO ANY NEWSPAPER WHICH SOUGHT IT. THE AP FORMERLY IN MANY INSTANCES REFUSED TO SELL TO COMPETITORS OF ITS MEMBER CLIENTS.

THE WASHINGTON POST AND TIMES HERALD HAS COMMENTED EDITORially THAT HIS ACTION INCREASED COMPETITION AMONG THE NEWS WIRE SERVICES TO SUCH AN EXTENT THAT THE PRIVATELY OWNED UP AND INS SUFFERED ECONOMIC SETBACKS AGAINST THE COOPERATIVE-OWNED AP.

KEATING SAID "THE UP-INS MERGER IS, OF COURSE, OF VITAL CONCERN TO ALL OF US" BECAUSE "IT IS IMPORTANT THAT OUR MEDIA OF COMMUNICATIONS BE KEPT AS DIVERSIFIED AS POSSIBLE TO ASSURE A MAXIMUM OF NEWS DISTRIBUTION TO THE NATION."

BUT HE SAID "A FEW LESS BRICKBATS AND SNAP JUDGMENTS" ABOUT THE UP-INS MERGER "AND A LITTLE MORE PERSPECTIVE AND THINKING WOULD CERTAINLY AVOID PUBLIC MISUNDERSTANDING OF THE IMPORTANT ISSUES INVOLVED."

5/29-P1117A

News Merger 'Furor' Hit

Representative Keating, Republican of New York, warned today against "snap judgments" about the merger of United Press and International News Service.

He declared in a statement that "there is no justification whatever for the frantic demands some already have made for injunctions and similar drastic measures" to block the merger.

"The trigger-happy antitrust zealots who have raised such a furor over this merger may be doing a disservice to the American people," he said.

If neither news service could survive separately, he continued, "the public certainly would be better off with a merged UP and INS in continued operation."

Only investigation will disclose whether the merger was justified for reasons such as these, he said.

While conceding that prior consultation with the Justice Department might have dispelled uncertainty, Mr. Keating said, "it would be a mistake to assume, as some have, that such consultations would necessarily have avoided the merger."

Mr. Keating is ranking Republican member of the House Judiciary Committee and of its Antitrust subcommittee. Chairman Celler, Democrat of New York, has criticized the merger.

TOP CLIPPING

DATED

FROM

MARKED FILE AND INITIALED

Wash. Post and Times Herald _____
Wash. News _____
Wash. Star **B-7 FINAL** _____
N. Y. Herald Tribune _____
N. Y. Journal-American _____
N. Y. Mirror _____
N. Y. Daily News _____
N. Y. Times _____
Daily Worker _____
The Worker _____
New Leader _____

58 JUL 3 1958

NOT RECORDED

44 JUL 30 1958

Date

World of Finance

UPI Held Exempt From Merger Law

United Press International

The Justice Department said yesterday the consolidation of United Press and International News Service into the new United Press International was exempt from the anti-trust laws because INS was in "failing circumstances."

As a result, the department said, "we do not plan at the present time to move against this acquisition" under the anti-trust laws.

Assistant Attorney General Victor R. Hansen, chief of the anti-trust division, reported the department's findings in a letter to Frank H. Bartholomew, president of United Press International.

He said the department had concluded after extensive investigation that the consolidation of the two press associations "falls squarely" within the "failing corporation section" of the Clayton Anti-Trust Act.

The Supreme Court has construed that section as meaning that a business which can show that it is in bad financial shape does not have to stay in operation.

Hansen noted that the department embarked on its inquiry immediately after learning of the United Press-International News Service consolidation.

(Earlier Sen. Estes Kefauver (D-Tenn.) had charged the merger created a monopoly in the wire service field and urged the Justice Department to seek an injunction against it.)

TOP CLIPPING

DATED

FROM

MARKED FILE AND INITIALED

Wash. Post and Times Herald A24
Wash. News _____
Wash. Star _____
N. Y. Herald Tribune _____
N. Y. Journal-American _____
N. Y. Mirror _____
N. Y. Daily News _____
N. Y. Times _____
Daily Worker _____
The Worker _____
New Leader _____

Date _____

NOT RECORDED
44 JUN 30 1958

ACT - 10

108
JUL 3 1958

Sept 15, 1995

NOTE TO [REDACTED]

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Re: [REDACTED]

THE UNITED PRESS INTERNATIONAL
TELEPHONE NUMBER [REDACTED] (HOME),
[REDACTED] (OFFICE)
INFORMATION CONCERNING RUBY RIDGE

[REDACTED] covering
the U.S. Supreme Court and Justice Department for The United
Press International (UPI) telephoned me at approximately 7:30
p.m. this evening, and related the following:

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While covering Senate testimony regarding Ruby Ridge,
[REDACTED] discussed aspects of the proceedings with [REDACTED]
[REDACTED] also covering the hearings for the [REDACTED]
[REDACTED], a newspaper based in Spokane, Washington (telephone,
[REDACTED]). In the course of their conversation [REDACTED]
related to [REDACTED] that on 21 August 1992, he and a
photographer were in a light Cessna plane flying over the Weaver
property at Ruby Ridge. A police radio was on in the plane, and
looking down, [REDACTED] clearly, repeat clearly, saw persons on
the ground pointing rifles up at his plane. Further monitoring
the police radio, [REDACTED] said that he then heard U.S.
Marshals say that his plane was being fired upon and flew away
from the area as quickly as possible. [REDACTED] believes that
the photographer was taking pictures during this period, and that
photographs of this activity may be in existence.

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[REDACTED] then advised that if this can be
corroborated, it may be very significant to current proceedings.
In addition to another hitherto unknown witness, it may lend
credence to [REDACTED] claim that he believed the helicopter
was about to be fired upon. Certainly, in [REDACTED] view,
if the Weavers would have fired, or even threatened, the small
plane carrying [REDACTED] it is conceivable that they may have
threatened the helicopter later on.

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- ① - [REDACTED] (sent direct)
1 - [REDACTED] (sent direct)
1 - [REDACTED] (sent direct)

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89B-25378-301
[REDACTED]
[REDACTED]
[REDACTED]

[redacted] related to me that he immediately got the attention of U.S. Marshals personnel also in attendance at the hearings. He reported that when he left the hearings, U.S. Marshals were seen interviewing [redacted]

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Respectfully,

[redacted]

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1416857-000

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FM MIAMI (92A-5124) (OC-1) (P)

TO DIRECTOR PRIORITY

(ATTENTION: OC SECTION/CID)

NEW YORK PRIORITY

BT

UNCLAS E F T O

UNITED PRESS INTERNATIONAL (UPI); RELEASE ENTITLED "CANADIAN
MORSTERS REPORTED COMPETING IN FLORIDA", DATED FEBRUARY 26, 1984.

RE BUREAU TELETYPE TO MIAMI AND NEW YORK, MARCH 6, 1984.

THE MIAMI LCH SQUAD (OC-1) HAS ONLY RECENTLY BEGUN AN
INTELLIGENCE GATHERING PROGRAM TO PROACTIVELY COVER CANADIAN
ORGANIZED CRIME ACTIVITIES IN SOUTH FLORIDA. AS FBIHQ IS AWARE,
NUMEROUS ARTICLES, INCLUDING UPI'S, HAVE APPEARED IN MIAMI AND
NEW YORK NEWSPAPERS SINCE JANUARY 27, 1984, AND, MOST RECENTLY,
IN THE MARCH 5, 1984, EDITION OF "NEWSWEEK" MAGAZINE, PLAYING UP
THE CRIMINAL INFLUENCE OF CANADIAN MOB MEMBERS IN THE HOLLYWOOD -
MIAMI, FLORIDA, AREA. THIS MEDIA ATTENTION, COUPLED WITH SOME



OPEN
OR REOPEN
DATE
BY
SECTION

Miami

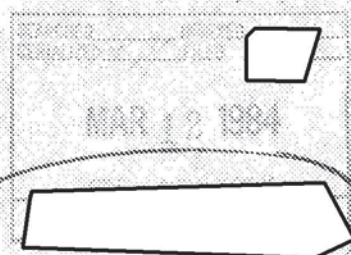
92A-
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M-8

O & A

TO
SA.
3-13-84

m-8

92A-9421-1



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RECENT CANADIAN MOB-LCN ASSOCIATIONS OBSERVED DURING TARGET INVESTIGATIONS OF MIAMI-BASED LCN FIGURES, HAS LED TO MIAMI'S CLOSER MONITORING OF CANADIAN OC ACTIVITIES.

THE FIRST AND MOST ACCURATE NEWS ARTICLE, ACCORDING TO FLORIDA DEPARTMENT OF LAW ENFORCEMENT (FDLE) AGENT, [REDACTED] WAS AUTHORED BY [REDACTED] AND APPEARED ON THE FRONT PAGE OF "THE NEW YORK TIMES." THE "TIMES" DECIDED TO PRINT THE ARTICLE AFTER MONITORING TESTIMONY AT A PUBLIC HEARING HELD AT TAMPA, FLORIDA, IN OCTOBER, 1983, BY A FLORIDA STATE-WIDE GRAND JURY PROBING FLORIDA ORGANIZED CRIME ACTIVITIES. THE BULK OF TESTIMONY REGARDING THE CANADIANS CAME FROM SA [REDACTED], FDLE, WHO HAS BEEN SPEARHEADING AN INTELLIGENCE GATHERING EFFORT INTO THE CANADIAN MOB'S ACTIVITIES IN SOUTHERN FLORIDA FOR APPROXIMATELY THE PAST SEVEN YEARS. THIS EFFORT CAME ABOUT COINCIDENTALLY AND WITH GROWING EMPHASIS, WITH NUMEROUS REQUESTS OF FDLE OVER THE YEARS BY [REDACTED] AND NUMEROUS CANADIAN LOCAL AUTHORITIES TO ASSIST THEM IN LOCATING VARIOUS CANADIAN FUGITIVES AND COVERING LEADS IN MATTERS APPARENTLY CONSIDERED BY THE CANADIANS AS MORE APPROPRIATELY COVERED BY A STATE AGENCY; THAT IS, FDLE'S INTEREST

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PAGE THREE MM (92A-5124) UNCLAS E F T O

WAS NOT INITIALLY SPURNED BY ANY REAL OR PERCEIVED INCREASE IN ACTIVITIES OF THE MAJOR RECOGNIZED CANADIAN "GANGS."

FOLLOWING THE "TIMES" ARTICLE, SEVERAL OTHER INVESTIGATIVE JOURNALISTS HAVE "JUMPED ON THE BANDWAGON" ATTEMPTING TO EXPAND ON [REDACTED] INITIAL ACCOUNT, WHICH DREW FROM [REDACTED] TESTIMONY AND INTERVIEWS OF [REDACTED] AND IMMIGRATION AND CUSTOMS INVESTIGATIONS.

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QUOTES OF SA [REDACTED] THAT APPEARED IN [REDACTED] ARTICLE AND ONE THAT FOLLOWED ALLEGING THAT "THE GAMBINO GROUPS ALONE HAS SENT 100 'MUSCLE MEN' TO THE MIAMI AREA" ARE NOT SUPPORTED BY ANY INTELLIGENCE INFORMATION RECEIVED BY MIAMI. IF, IN FACT, ANY "MUSCLE" HAS BEEN SENT BY GAMBINO PEOPLE, THE QUOTED NUMBER IS CONSIDERED A GROSS EXAGGERATION BY MIAMI. THE QUOTE CONCERNING THE CONFRONTATION BETWEEN UNNAMED CANADIAN MOBSTER AND GAMBINO PEOPLE OVER THE CANADIAN'S EFFORTS TO PURCHASE A BEACHFRONT HOTEL WAS AGAIN THAT OF SA [REDACTED] SA [REDACTED] HAS BEEN ON ANNUAL LEAVE AND THEREFORE UNAVAILABLE FOR INTERVIEW AND HIS SUPERVISOR WAS UNABLE TO CLARIFY THE MATTER; HOWEVER, THE LATTER ABOVE MENTIONED QUOTE DID NOT APPEAR IN [REDACTED] ARTICLE AND MIAMI DOES NOT KNOW WHO FIRST QUOTED [REDACTED] IN THIS REGARD. BOTH MATTERS WILL BE PURSUED

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PAGE FOUR MM (92A-5124) UNCLAS E F T O

WITH SA [] AS SOON AS HE RETURNS FROM LEAVE.

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EVIDENCE DOES EXIST, HOWEVER, SUPPORTED BY ARRESTS AND SOURCE INFORMATION, THAT THE COTRONI AND DUBOIS "GANGS", TWO OF THE THREE MAJOR ORGANIZED CRIME GROUPS, AS RECOGNIZED BY CANADIAN LAW ENFORCEMENT (THE THIRD BEING THE JOHNNY MC GUIRE GANG), HAVE STEADILY INCREASED THEIR ACTIVITIES IN THE HOLLYWOOD-HALLANDALE-NORTH MIAMI AREAS OVER THE PAST SEVEN YEARS, NOT ONLY IN THE FORM OF CRIMINAL ACTS, TO INCLUDE NARCOTICS TRAFFICKING, SHYLOCKING, CHOP-SHOP OPERATIONS, EXTORTION AND MAJOR JEWEL THEFTS, BUT ALSO IN EFFORTS TO BUY UP, THROUGH "LEGITIMATE" FRONTS, PRIME BEACHFRONT PROPERTY AND MOTELS AND RESTAURANTS. THE LATTER ACTIVITY HAS MORE RECENTLY COME INTO FOCUS DURING FDLE'S PROBE INTO ORGANIZED CRIME'S INFLUENCE ON PROPONENT'S EFFORTS TO PASS LEGISLATION TO LEGALIZE CASINO GAMBLING. THE PRO-GAMBLING CAMPAIGN IS BEING LED BY A GROUP NAMED "FLORIDA CASINO ASSOCIATES" (FCA). FCA MUST COLLECT PETITION SIGNATURES OF ABOUT 322,000 REGISTERED VOTERS BY AUGUST 6, 1984, IN ORDER TO HAVE THE CASINO ISSUE PLACED ON THE NOVEMBER STATEWIDE BALLOT. IN A RECENT FINANCIAL BLOW TO FCA AND ITS SUPPORTERS, THE FLORIDA STATE

PAGE FIVE MM (92A-5124) UNCLAS E F T O

COMPTROLLER HALTED THE SALE OF CONTROVERSIAL STOCK BEING OFFERED TO FINANCE THE PRO-EFFORT, RULING THAT MISREPRESENTATIONS WERE BEING MADE. THIS MOVE TIES UP OVER 1.5 MILLION DOLLARS RAISED TO DATE. FCA'S PROPOSAL, IF ACCEPTED BY VOTERS, ALLOWS ONLY CERTAIN SIZED HOTELS LOCATED IN THE SUNNY ISLES SECTION OF NORTH MIAMI BEACH TO INITIALLY OPERATE CASINOS. IT IS THOSE PROPERTIES THAT THE CANADIANS HAVE ATTEMPTED TO BUY UP SECRETLY, ALONG WITH BUSINESSES THAT NORMALLY SUPPORT CASINO-HOTEL OPERATIONS. WHEREAS, REPRESENTATIVES OF THE LCN FAMILIES RESIDING IN SOUTH FLORIDA APPEAR TO BE NEGOTIATING PEACEFULLY OVER TERRITORIAL SIGHTS IN THE EVENT OF APPROVED CASINO GAMBLING (AS HAS TRADITIONALLY BEEN THE CASE IN MIAMI, AN "OPEN CITY"), THE CANADIAN GANGS, PARTICULARLY THE COTRONI GANG, SEEM TO BE ATTEMPTING MAJOR CONTROL. IN MIAMI'S "OPEN CITY" ARRANGEMENT, THIS IS NATURALLY UNACCEPTABLE TO THE LCN FAMILIES AND PHYSICAL CONFRONTATION WILL LIKELY OCCUR IF THE COTRONI'S PERSIST.

MIAMI IS EMPHASIZING EFFORTS TO DEVELOP SOURCES WITHIN THE COTRONI AND DU BOIS GANGS AND WILL CLOSELY MONITOR THE SITUATION AND KEEP THE BUREAU AND INTERESTED OFFICES APPRISED. MIAMI WILL

PAGE SIX NY (92A-5124) UNCLAS E F T O

ADVISE THE BUREAU AND NEW YORK OF THE RESULTS OF INTERVIEW OF SA

[REDACTED] FDLE.

BT

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Memorandum



To :SUPERVISOR, C-8 (92-9421)

Date 8/2/85

From :SA [REDACTED] C-8

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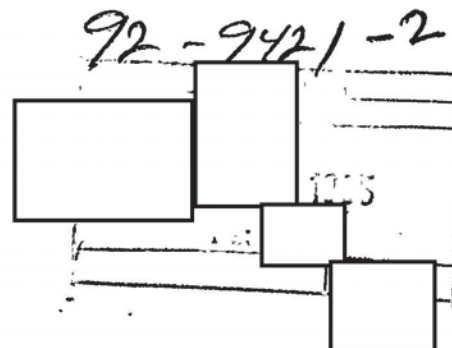
Subject :UNITED PRESS INTERNATIONAL (UPI); RELEASE ENTITLED "CANADIAN
MOBSTERS REPORTED COMPETING IN FLORIDA", DATED FEBRUARY 26,
1984.

Inasmuch as no information has been developed by the
Miami Division re the infiltration of the Canadian Mobs in the South
Florida area, it is recommended that this case be ~~closed~~ *ADMINISTRATIVELY CLOSED.*

1-File



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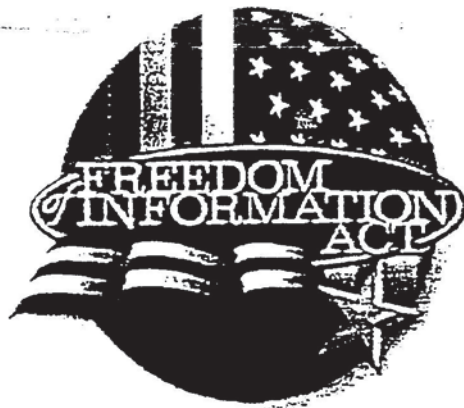


FREEDOM OF INFORMATION
AND
PRIVACY ACTS

SUBJECT United Press International

FILE NUMBER 94-8-95

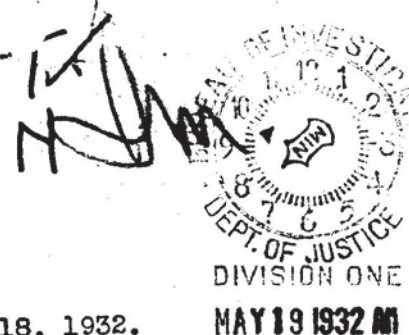
SECTION NUMBER 1



FEDERAL BUREAU OF INVESTIGATION

JOHN EDGAR HOOVER
DIRECTOR

U. S. Department of Justice
Bureau of Investigation
Washington, D. C.



LCS:AM

May 18, 1932.

MAY 19 1932 AM

MEMORANDUM FOR THE DIRECTOR.

92872

Mr. Pinckley of the United Press called here today from Mr. Nathan's office. He is interested in writing an article for his syndicate. I furnished him with your article on Criminal Identification and with a copy of the Saturday Evening Post editorial as he stated he would prefer to call me back to make an appointment since our interview would require a rather long period.

Respectfully,

L. C. Schilder

L. C. Schilder.

*Main cd. de-indexed
in this serial only*

7-21-61 #36

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RECORDED

INDEXED

MAY 21 1932

62-27040-1	
BUREAU OF INVESTIGATION	
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NATHAN Tolson	FILE

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94-8-95

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94-8-95

CT:ACS

May 14, 1934.

94-8-95-1X

MEMORANDUM FOR MR. WILLIAM STANLEY,
THE ASSISTANT TO THE ATTORNEY GENERAL.

This Division has been informed of the availability of a service furnished by the Washington City News Service whereby that organization will place a teletypewriter machine in an office of the Government and by use of this machine will furnish all current news developed by the United Press Association throughout the country. The Washington City News Service condenses such news to essential facts and supplies running reports from 8:30 A. M., to 8:30 P. M. The Division has been informed that heretofore crime news has not been supplied over this service but that in the event the Division of Investigation desired to take advantage of the service, steps would be taken to include all crime news in the reports.

I think this would be a very desirable service. It would furnish the Division of Investigation with the very latest information with respect to developments throughout the country in crime matters and I would like to suggest that the service be procured. The cost of the service is \$75 per month, which includes installation of the teletypewriter machine, paper for use in the machine and service for the equipment as well as the reports. In the event you approve this procedure, I would arrange for duplicate copies of the news flashes to be made available and would forward one copy to the Attorney General immediately upon receipt. This procedure would keep you and the Attorney General advised at all times of emergency crime matters as well as other current news reports.

I will be very glad to receive your reaction to this matter.

Respectfully,

Director.

4-7
7 mps

JEH:HCB

May 10, 1934.

94-8-95-1X

MEMORANDUM FOR MR. TOLSON

With reference to your memorandum of May 7, 1934, covering a conversation which you had with Mr. A. F. Harrison of the Washington City News Service, I note that you were impressed with the suggestion made by Mr. Harrison for the service of news flashes developed by the United Press Association throughout the country. It is my impression that you have since made a further inquiry and there may be some doubt as to the value of this news service. If you reach the conclusion that it would be of value and be reliable, I approve then the submission of the matter to Mr. Stanley by memorandum to determine whether he would consider it desirable to have such a service installed in our Division.

Very truly yours,

Director.

Division of Investigation
U. S. Department of Justice
Washington, D. C.

CT:LC

May 7, 1934.

MEMORANDUM FOR THE DIRECTOR

MR. NATHAN	
MR. TOLSON	✓
MR. CLEGG	
MR. E. A. Tamm	
MR. EDWARDS	
MR. Egan	
MR. GURNEA	
MR. Ladd	
MR. Nichols	
MR. Rosen	
MR. Tracy	
MR. Carson	
MR. Coffey	
MR. Hendon	
MR. Jones	
MR. Quinn	
MR. Nease	
MR. Gandy	
CHIEF CLERK	
MR. ROBER	

At your request, I talked with Mr. A. F. Harrison of the Washington City News Service, 705 National Press Building, concerning a service furnished by this service which supplies over a teletypewriter machine, all current news flashes developed by the United Press Association throughout the country. This service condenses such news to essential facts and supplies running reports from 8:30 A.M., to 8:30 P.M., of such information. It was Mr. Harrison's plan to interest the Division in securing this service, and in the event the Division is interested, he states that crime news heretofore not supplied over the wire will be added and he believes this would be of benefit to the Division in view of the fact that it would enable the Division to secure news in such instances in advance of publication in the local press.

Mr. Harrison informed me that this service was started in Washington on January 8th and that he now has 31 client for this news, including the White House where the service is furnished free of cost, the Treasury Department for the information of the Secretary of the Treasury, and the National Recovery Administration where the information is immediately available to General Hugh S. Johnson. The other clients in Washington are representatives of outstanding newspapers who desire the information as background for their use in preparing reports covering current conditions. Mr. Harrison states that no other similar service is available and that for this reason there would be no difficulty in paying for the service. He states that in the Treasury Department and the National Recovery Administration payment is made by voucher each month and that no formal contract has been required. The cost is \$75. per month. The news service supplies the teletypewriter machine, paper for use in the machine and services the equipment, so that \$75. per month represents the entire cost of the service.

Mr. Harrison has supplied me with a detailed memorandum with respect to this service and also with sample news reports supplied over the service, which are attached hereto.

I am very much impressed with this project and believe that it would be particularly advantageous for the Washington headquarters of the Division to be kept fully informed at all times as to crime developments throughout the country. It would enable the Division to relay information over its own teletypewriter system to field offices in the case of major crimes throughout the country and would keep you and the Attorney General advised at all times of emergency crime matters. If you approve, I will submit this matter by memorandum to Mr. Stanley with a view to determining whether the Department will approve placing one of these machines in the Division offices. In the event approval is secured, I will confer further with Mr. Harrison with a view to determining whether any additional cost would be incurred to his organization by placing the machine in this building prior to occupying space in the new Department of Justice building.

Respectfully,

94-8-95-1X

Enclosure

MAY 17 1934
Memo Mr. Tolson
5-10-34
jmt

Clyde Tolson.

DIRECTOR
TOLSON
MAY 1934

Washington City News Service

NATIONAL PRESS BUILDING
WASHINGTON, D. C.

46570

May 7, 1934

Mr. J. Edgar Hoover,
Director,
Division of Investigation,
Department of Justice,
Washington, D. C.

Dear Mr. Hoover:

At the suggestion of Mr. Clyde A. Tolson, I want to explain here our plan to supply your division with the Washington City News Service.

This service, inaugurated early this year by The United Press Association is delivered over a Teletype Printer circuit daily except Sundays and major holidays, between the hours of 8:30 a. m., and 8:30 p. m., Eastern Standard Time.

The entire news reports of the United Press, both domestic and foreign are at our disposal. Our editor selects the important news items as quickly as they are received, edits them down to essential facts and they are transmitted instantly by Teletype into the office of the subscriber.

Since your division is primarily interested in crime news, especial attention will be given this type of news on your end of the circuit. In addition to this we will welcome any inquiries from you regarding items in which you may have particular interest. Of course there are many other items of world wide interest carried on the circuit since we serve the White House, Treasury Department, N. R. A., certain foreign Embassies, Several brokerage houses and a number of Washington correspondents of newspapers who use the service for news tips.

Until the Washington City News Service was organized there was no medium in Washington through which all of the news of the world was brought together in place and in concise form. In fact no such service is now available anywhere in the United States outside of Washington.

The rate for the service is \$75.00 a month. This includes cost of the

United Press

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RECORDED
94-8-95-1X
MAY 16 1934
DIRECTOR
TOLSON

MAY 17 1934

Washington City News Service

NATIONAL PRESS BUILDING
WASHINGTON, D. C.

26574

2--J. Edgar Hoover.

machine, maintenance etc., with no further charges to you.

Since the other government departments have taken the service subject to discontinuance upon thirty days notice at any time, the same arrangement is extended to your division.

If there are any details not covered in this memo, I will be glad to call and go into them. Or you may call me by phone at any time.

While I understand you are to move into new quarters within a few weeks, I hope you will decide to go ahead with us immediately. I can have the machine installed on short notice and will be most happy to add your division to our list.

Thanking you for your courtesy,

Sincerely,


General Manager.

Mr. Tamm
This shows from which service
in delivery 46675 *Apparatus*
WCNS14

PASSAGE OF THE MORE IMPORTANT MEASURES AMONG THE ADMINISTRATION'S ANTI-CRIME BILLS WILL BE SOUGHT IN THE HOUSE TODAY. THE SENATE ALREADY HAS PASSED SEVERAL OF THE BILLS, INTRODUCED AT THE REQUEST OF THE DEPARTMENT OF JUSTICE TO EXPEDITE THE WAR AGAINST CRIME.

5/5--R906A

WCNS15

A THOROUGH CLEANSING OF THE REPUBLICAN PARTY IS ALL THAT CAN SAVE IT FROM EXTINCTION, SENATOR WILLIAM E. BORAH SAYS IN DISCUSSING THE POLITICAL SITUATION.

HE DEMANDS A COMPLETE SEPARATION FROM RECENT PARTY LEADERS.

5/5--R907A

94-8-95-1X

WCNS40

A DEMAND THAT THE SUPREME COURT INTERVENE TO HALT THE TRIAL IN DEDHAM, MASS., OF IRVING MILLEN, HIS BROTHER MURTON AND ABRAHAM FABER ON CHARGES OF MURDERING A POLICEMAN DURING A BANK ROBBERY WAS FILED WITH THE COURT THIS MORNING.

46676

5/5--R11A

WCNS41

AAA HAS SENT SEVERAL REPRESENTATIVES TO LOS ANGELES TO ENFORCE OBLIGATIONS RESPECTING PRICES TO PRODUCERS AND PAYMENTS TO THE SURPLUS MILK FUND UNDER THE EXISTING LICENSE FOR THAT AREA, IT WAS ANNOUNCED TODAY.

5/5--R1101A

WCNS42

NEW YORK--U.S. STEEL COMMON AND A LONG LIST OF OTHER REPRESENTATIVE STOCKS WERE DRIVEN TO NEW LOWS FOR THE YEAR IN A PERIOD OF HEAVY SELLING ON THE STOCK EXCHANGE TODAY. LOSSES RANGED TO MORE THAN 5 POINTS AT THE LOWS.

5/5--R1102A

94-8-95-1A

FLASH

ATTORNEY GENERAL CLEARS BRITAIN OF WAR DEBT DEFAULT.

WCNS 5/5--R115P

WCNS60

THE GOVERNMENT TODAY ANNOUNCED A RULING BY THE ATTORNEY GENERAL WHICH CLEARED GREAT BRITAIN AND FOUR OTHER EUROPEAN NATIONS OF BEING DEFAULTERS ON THEIR WAR DEBTS UNDER TERMS OF THE JOHNSONBILL.

THE RULING ALSO CLEARED ITALY, CZECHOSLOVAKIA, LATVIA AND LITHUANIA. BUT IT HELD THE SOVIET UNION TO BE IN DEFAULT BECAUSE IT HAS NOT PAID DEBTS OF PREVIOUS RUSSIAN GOVERNMENTS OWED TO THE UNITED STATES.

THE FAVORABLE RULING ON BEHALF OF THE FIVE NATIONS WAS ON GROUNDS THAT THEY HAD MADE "TOKEN PAYMENTS" ACKNOWLEDGING THEIR DEBTS.

5/5--R118P

44-8-95-1X

WCNS45

46677

HAVANA--AN AMERICAN PRESS CORRESPONDENT, A NEWSREEL CAMERAMAN, AND TWO PHOTOGRAPHERS, ONE AN AMERICAN, WERE ARRESTED WHEN THE PHOTOGRAPHERS ATTEMPTED TO TAKE PICTURES OF THE STATUE OF JOSE MARTI, FAMOUS CUBAN REVOLUTIONARY PATRIOT, THE EYES OF WHICH HAD BEEN BANDAGED BY STUDENTS.

THE MEN ARRESTED WERE RICHARD ARMSTRONG OF INTERNATIONAL NEWS SERVICE; LOU HUTT, PARAMOUNT NEWSREEL CAMERAMAN, LOUIS HAMBURG, ACME PHOTOGRAPHER; AND A CUBAN PHOTOGRAPHERS.

5/5--R1131A

WCNS46

NAVY DEPARTMENT HAS ORDERED CAPT. GEORGE C. LOGAN, CHARLESTON, S.C., ATTACHED TO THE NAVAL INTELLIGENCE OFFICE, TO DUTY JUNE 1 AS COMMANDER OF DESTROYER SQUADRON 10.

COMMANDER ARCHIBALD MCGLASSON, WASHINGTON, ATTACHED TO THE NAVY DEPARTMENT EXAMINING AND RETIRING BOARD, WAS ORDERED TO THE CRUISER RICHMOND, NOW AT HAVANA, AS EXECUTIVE OFFICER.

5/5--R1150A

94-8-95-1X

46678

WCNS54

WAR DEPARTMENT ANNOUNCES A LIST OF 48 CITIZENS MILITARY TRAINING CAMPS WHICH WILL BE OPERATED THIS SUMMER WITH AN ESTIMATED ATTENDANCE OF 14,145 MEN.

5/5 ON1242P.

BQWCNS55

WITH AN HOUR AFTER CONVENING THE HOUSE PASSED THREE OF THE ANTI CRIME MEASURES INTENDED TO STRENGTHEN POWER OF JUSTICE DEPARTMENT AGENTS IN THE FEDERAL DRIVE AGAINST CRIME.

5/5 ON1248P

IN ABOVE READ FIRST WORD WITHIN AN HOURS ETC.

91-8-95-1X

WCNS56

46679

ADD CRIME BILLS

ONE OF THE BILLS MAKES IT A FEDERAL OFFENSE TO KILL OR ASSAULT
FEDERAL AGENTS. ANOTHER STRENGTHENS THE ANTI-KIDNAPPING ACT BY
"PRESUMING" THAT KIDNAPPERS HAVE VIOLATED THE LAW WHEN THEIR VICTIMS
ARE MISSING MORE THAN A WEEK. THE THIRD MEASURE GIVES THE FEDERAL
GOVERNMENT POWER WHEN COMMUNICATION LINES ARE USED IN EXTORTION OR
KIDNAPPING ATTEMPTS.

5/5 ON1251P.

WCNS57

DR. E. B. CLEMENTS, ST. LOUIS, WAS MENTIONED BY SEN. ROSCOE
C. PATTERSON OF MISSOURI TODAY AS A POSSIBLE CANDIDATE FOR CHAIRMAN
OF THE REPUBLICAN NATIONAL COMMITTEE SUCCEEDING EVERETT SANDERS.

"HE WOULD MAKE AN EXCELLENT CHAIRMAN," PATTERSON SAID.

"HE IS A MEMBER OF THE COMMITTEE AND HAS HAD A WORLD OF EXPERIENCE."

5/5--J102P.

94-8-95-1X

46650

WCNS74

ADD CRIME BILLS, HOUSE

SIX OTHER BILLS ON THE ADMINISTRATION'S PROGRAM WERE ALSO PASSED IN SHORT ORDER. THEY INCLUDED: A MEASURE MAKING IT UNLAWFUL TO FLEE FROM ONE STATE TO ANOTHER TO AVOID PROSECUTION OR TESTIMONY IN CERTAIN CASES; A BILL PLACING SEVERE PENALTIES ON PENAL EMPLOYEES WHO AID IN ESCAPES, AND A MEASURE MAKING IT A FEDERAL OFFENSE TO COMMIT SABOTAGE AGAINST GOVERNMENT PROPERTY UNDER CONTRACT.

THE LAST BILL APPROVED WAS A MEASURE AUTHORIZING A \$25,000 REWARD FOR ARREST "DEAD OR ALIVE" OF A "FEDERAL PUBLIC ENEMY" OF THE TYPE OF DILLINGER, "BABY FACE" FLOYD AND THE LIKE.

5/5--R220P

WCNS75

NATIONAL LABOR BOARD SCHEDULE FOR NEXT WEEK

MAY 7, WM. FULLERTON MOTOR SERVICE CHICAGO.
R MAY 8, ST. MARYS SEWER PIPE CO., ST. MARYS, PA.;
MAY 9, C. F. SMITH CO., DETROIT;
MAY 10, BIRTMAN ELECTRIC COMPANY, CHICAGO;
MAY 11, AMERICAN STORES CO., WILKESBARRE, PA.;
MAY 12, HATCH HOSIERY CO., BELMONT N.C.

5/5--R226P

94-8-95-1X

46681

Ctalo

May 7, 1934.

MEMORANDUM FOR THE DIRECTOR

At your request, I talked with Mr. A. F. Harrison of the Washington City News Service, 705 National Press Building, concerning a service furnished by this service which supplies over a teletypewriter machine, all current news flashes developed by the United Press Association throughout the country. This service condenses such news to essential facts and supplies running reports from 8:30 A.M., to 8:30 P.M., of such information. It was Mr. Harrison's plan to influence the Division in regarding this service, and in the event the Division is interested, he states that crime news heretofore not supplied over the wire will be added and he believes this would be of benefit to the Division in view of the fact that it would enable the Division to secure news in such instances in advance of publication in the local press.

Mr. Harrison informed me that this service was started in Washington on January 8th and that he now has 31 client for this news, including the White House where the service is furnished free of cost, the Treasury Department for the information of the Secretary of the Treasury, and the National Recovery Administration where the information is immediately available to General Hugh S. Johnson. The other clients in Washington are representatives of outstanding newspapers who desire the information as background for their use in preparing reports covering current conditions. Mr. Harrison states that no other similar service is available and that for this reason there would be no difficulty in paying for the service. He states that in the Treasury Department and the National Recovery Administration payment is made by voucher each month and that no formal contract has been required. The cost is \$75. per month. The news service supplies the teletypewriter machine, paper for use in the machine and services the equipment, so that \$75. per month represents the entire cost of the service.

Mr. Harrison has supplied me with a detailed memorandum with respect to this service and also with sample news reports supplied over the service, which are attached hereto.

I am very much impressed with this project and believe that it would be particularly advantageous for the Washington headquarters of the Division to be kept fully informed at all times as to crime developments throughout the country. It would enable the Division to relay information over its own teletypewriter system to field offices in the case of major crimes throughout the country and would keep you and the Attorney General advised at all times of emergency crime matters. If you approve, I will submit this matter by memorandum to Mr. Stanley with a view to determining whether the Department will approve placing one of these machines in the Division offices. In the event approval is secured, I will confer further with Mr. Harrison with a view to determining whether any additional cost would be incurred to his organization by placing the machine in this building prior to occupying space in the new Department of Justice building.

Respectfully,

Enclosure

94-8-95-1X

Clyde Tolson.

Division of Investigation

U. S. Department of Justice
Washington, D. C.

May 8, 1934.

CT:ACS

MR. NATHAN ✓
MR. TOLSON ✓
MR. CLEGG
MR. CONNELLEY
MR. F. J. JOSE
MR. GALT ✓
MR. LADD ✓
MR. LEVINE ✓
MR. LESTER
CHIEF CLERK
MR. ROBER

MEMORANDUM FOR THE DIRECTOR.

I talked with Mr. Rex Collier today concerning the United Press News Service about which Mr. Harrison recently talked with you. Mr. Collier feels that the United Press Service is not in any way comparable with the Associated Press and he doubts that the information would be of sufficient value unless the Associated Press Service can be secured. He knows of no way in which the Associated Press reports could be made readily available to the Division. Mr. Collier cited the story concerning arrests in the Robles case in New Mexico as an example of the type of inaccuracy which may be expected from the United Press Service.

Respectfully,

Clyde Tolson.

RECORDED
&
INDEXED

MAY 10 1934

94-8-95-1X
DIVISION OF INVESTIGATION
JUL 10 1964
FBI

Jones
WILSON

16

Division of Investigation
U. S. Department of Justice
Washington, D. C.

✓
wf
May 23, 1934

TDQ:AEK

MEMORANDUM FOR MR. TOLSON

In compliance with your request, I conferred with Mr. Alfred F. Harrison, special representative of the United Press Association and made arrangements for him to install in the Teletypewriter Room a machine that will furnish all current news developed by the United Press Association throughout the country. The machine is now installed and in workable condition. I also made arrangements for him to furnish paper for use in this machine, in triplicate, the original of the news items to be forwarded to the Attorney General, one copy to Mr. Stanley, and one copy to the Director. Unless advised otherwise these messages will be forwarded to the officials indicated at intervals of fifteen minute periods.

Upon inquiry I ascertained that it is not necessary to enter into a contract for this service and the service may be discontinued by the Division at any time upon giving the Association thirty days notice. I discussed with Mr. Harrison the possible charge for moving this machine to the new building and he stated there would be a charge of \$15.00, which would have to be borne by the Division. The service starts at 8:30 in the morning and discontinues at 8:30 in the evening.

I am attaching hereto for your approval a memorandum directed to Messrs. Seyfarth and Vogel concerning the transmittal of these messages to the appropriate officials.

Respectfully,

94-8-95-1X2

T. D. Quinn.

RECORDED
&
INDEXED

✓
MAY 29 1934

12

Division of Investigation
U. S. Department of Justice
Washington, D. C.

TDQ:AEK

May 24, 1934

MEMORANDUM FOR MR. TOLSON

In compliance with the Director's request arrangements were made with Mr. Harrison of the United Press Association to install in the teletypewriter machine four-roll paper in order that the original and one copy of the news items may be transmitted to the Attorney General at intervals of fifteen minute periods. The paper was installed and the necessary number of copies were being furnished the Attorney General at 12:00 noon, today.

Respectfully,


T. D. Quinn.

RECORDED

MAY 26 1934

94-8-95-1X3

25 1934

U. S. DEPT. OF JUSTICE

CH. CL. ☒ FILE

May 31, 1934

MEMORANDUM FOR

MR. SEYFARTH ✓
MR. QUINN
MR. VOGEL

With regard to the teletype-printer machine recently installed in the Division which will furnish all current news developed by the United Press Association throughout the country, I wish that the following procedure would be followed in transmitting these items to the appropriate officials.

The original and one copy of all messages received are to be transmitted to the Attorney General, one copy to the Director, and the remaining copy should be forwarded to Mr. Stanley.

It is my desire that these messages be transmitted by special messenger at fifteen minute intervals, beginning at 9:00 A.M. and continuing throughout the day until the officials leave in the evening. At the fifteen minute period Mr. Vogel will call for a messenger on the buzzer system and will have the messages properly arranged and labeled, indicating the officials that should receive same.

It is understood, of course, that if during the day an item of particular importance is received over the machine concerning any of the cases under investigation by this Division the fifteen minute period should not apply but the message should be transmitted immediately.

I wish that you would instruct the messengers fully with regard to this new service in order that no difficulty will be encountered in the proper dispatch of these news items.

Very truly yours,

J. E. Hoover

Director.

RECORDED
&
INDEXED

94-8-95-1X4	
JUN 1 1934	
	FILE

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S
HK*

WRG:RCL

June 7, 1934.

Mr. Alfred F. Harrison,
Special Representative,
○ United Press Association,
National Press Building,
Washington, D. C.

My dear Mr. Harrison:

I am pleased to advise you that the News Teletype Machine has been installed in the Division of Investigation, U. S. Department of Justice, and at the present time is in operation.

Your cooperation relative to the installation of this machine is appreciated.

Sincerely yours,

J. Edgar Hoover
Director.

RECORDED
&
INDEXED

94-5-8-1X5	
JUN 3 1934	
U. S. DEPARTMENT OF JUSTICE	
	FILE

WJ

✓

888

Washington City News Service

NATIONAL PRESS BUILDING
WASHINGTON, D. C.

June 8, 1934

Mr. J. Edgar Hoover,
Director,
Division of Investigation,
Department of Justice,
Washington, D. C.

Dear Mr. Hoover:

Thanks for your letter of June 7 relative to the Washington City News Service installation in the Division of Investigation. Through an arrangement with Mr. Quinn the service is subject to discontinuance upon 30 days notice at any time. The rate is \$75.00 a month. In addition it was agreed that the Division would pay the added expense of four-copy rolls over the cost of single copy rolls, since you required four copies of all news dispatches.

I trust the service is coming up to expectations and hope you will not hesitate to give us the benefit of any suggestions for its improvement.

Sincerely,

Al Hanway
General Manager.

RECORDED
&
INDEXED

94-8-95-1X6

JUN 9 1934

W. C. R. G.

OLSON

Four

RECORDED

94-8-95-187

May 31, 1934

MEMORANDUM FOR

MR. SEYFARTH
MR. QUINN
MR. VOGEL

With regard to the teletype-printer machine recently installed in the Division which will furnish all current news developed by the United Press Association throughout the country, I wish that the following procedure would be followed in transmitting these items to the appropriate officials.

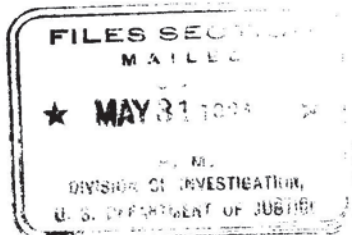
The original and one copy of all messages received are to be transmitted to the Attorney General, one copy to the Director, and the remaining copy should be forwarded to Mr. Stanley.

It is my desire that these messages be transmitted by special messenger at fifteen minute intervals, beginning at 9:00 A.M. and continuing throughout the day until the officials leave in the evening. At the fifteen minute period Mr. Vogel will call for a messenger on the buzzer system and will have the messages properly arranged and labeled, indicating the officials that should receive same.

It is understood, of course, that if during the day an item of particular importance is received over the machine concerning any of the cases under investigation by this Division the fifteen minute period should not apply but the message should be transmitted immediately.

I wish that you would instruct the messengers fully with regard to this new service in order that no difficulty will be encountered in the proper dispatch of these news items.

Very truly yours,



Director.

From

THE ATTORNEY GENERAL

to

Official Indicated below by check mark

MR. NATHAN...
MR. TOLSON...
MR. CLEGG...
MR. COWLEY...
MR. EDWARDS...
MR. EGAN...
MR. QUINN...
MR. LESTER...
CHIEF CLERK...
MR. ROHRER...

MEMORANDUM

Solicitor General Biggs
Assistant to the Attorney General Stanley
Assistant Attorney General Stephens
Assistant Attorney General Wideman
Assistant Attorney General Keenan
Assistant Attorney General Sweeney
Assistant Attorney General Blair
Assistant Solicitor General MacLean
Mr. Hoover, Director of Investigation
Mr. Bates, Director of Prisons
Mr. Beardslee, Director of War Risk Bureau
Mr. Stewart, Administrative Assistant
Mr. Holtzoff, Special Assistant
Board of Parole
Mr. Finch, Pardon Attorney
Mr. Gardner { General Agent
 { Chief Clerk
Mr. Moore, Division of Mails and Files
Mr. Sornborger, Appointment Clerk
Mr. Carusi
Mr. Gates
Mr. Glendon
Miss Watkins
Miss O'Brien

RECORDED

JUN 13 1934

94-5-95-1X7
JUN 11 1934
U. S. DEPT. OF JUSTICE
TOLSON
FILE

Memorandum
5-31-34
J.D.2

RECORDED

94-8-95-187	
JUN 21 1934	
U. S. DEPT. OF JUSTICE	
TOLE	TOLSON
	FILE

Division of Investigation

U. S. Department of Justice

Washington, D. C.

May 14, 1934.

MEMORANDUM FOR MR. WILLIAM STANLEY,
THE ASSISTANT TO THE ATTORNEY GENERAL.

This Division has been informed of the availability of service furnished by the Washington City News Service whereby that organization will place a Teletypewriter machine in an office of the Government and by use of this machine will furnish all current news developed by the United Press Association throughout the country. The Washington City News Service condenses such news to essential facts and supplies running reports from 8:30 A. M., to 8:30 P. M. The Division has been informed that heretofore crime news has not been supplied over this service but that in the event the Division of Investigation desired to take advantage of the service, steps would be taken to include all crime news in the reports.

I think this would be a very desirable service. It would furnish the Division of Investigation with the very latest information with respect to developments throughout the country in crime matters and I would like to suggest that the service be procured. The cost of the service is \$75 per month, which includes installation of the Teletypewriter machine, paper for use in the machine and service for the equipment as well as the reports. In the event you approve this procedure, I would arrange for duplicate copies of the news flashes to be made available and would forward one copy to the Attorney General immediately upon receipt. This procedure would keep you and the Attorney General advised at all times of emergency crime matters as well as other current news reports.

I will be very glad to receive your reaction to this letter.

Respectfully,

J. Edgar Hoover
Director.

And one copy to Mr Stanley;
Approved -
JHC
WJ
May 17/34

August 4, 1934

Mr. A. F. Harrison,
Washington City News Service,
National Press Building,
Washington, D. C.

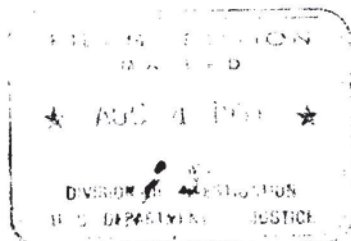
Dear Sir:

With reference to your telephone request of
August 3, 1934, please be advised that there are en-
closed herewith vouchers for your use.

Very truly yours,

John Edgar Hoover,
Director.

Encl No 216810.



RECORDED

94-8-95-1X8

to be for

WRC:GJR

August 16, 1934

MEMORANDUM FOR MR. J. W. GARDNER,
GENERAL AGENT AND CHIEF CLERK.

Attention: Mr. Bodholdt.

It is requested that a confirmatory order be issued for the monthly service furnished by the Washington City News Service for the period from May 24, 1934 to June 30, 1934.

It is further requested that a contract be executed covering this service for the entire fiscal year 1935.

The above arrangements should include the furnishing of four-copy paper for use in the above machine.

A voucher covering the service and materials furnished from the date of installation until July 31, 1934 is attached hereto.

Very truly yours,

John Edgar Hoover,
Director.

Division Memorandum #135,
Fiscal Year 1935.

RECORDED

94-8-95-189

Encl. #511107.

RG:GJR

August 17, 1934.

Washington City News Service,
National Press Building,
Washington, D. C.

Gentlemen:

With reference to the service rendered to this
Division by you, it is requested that vouchers therefor
be submitted at the end of each month. It is noted that
the first voucher submitted by you covered service and
paper furnished during the period from May 24, to July 31,
1934.

Very truly yours,

John Edgar Hoover,
Director.

RECORDED 94-8-95-1X10

8

[Handwritten signature]

Washington City News Service

NATIONAL PRESS BUILDING

WASHINGTON, D. C.

August 18, 1934

Mr. J. Edgar Hoover,
Director,
Division of Investigation,
Department of Justice,
Washington, D. C.

Dear Sir:

In accordance with your instructions vouchers for payment of Washington City News Service hereafter will be submitted at the end of each month. We received vouchers only a few days ago which no doubt accounts for our not having submitted them monthly in the past.

Sincerely,

WASHINGTON CITY NEWS SERVICE.

By



General Manager.

RECORDED
&
INDEXED

94-8-95-1X11

AUG 20 1934

AUG 22 1934

W. H. H.
CLERK

United Press



RECORDED

August 18, 1934

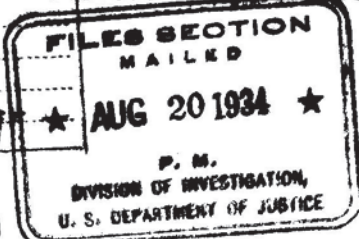
94-8-95-1X12

MEMORANDUM FOR MR. J. W. CARLSON,
GENERAL AGENT AND CHIEF CLERK.

Reference is made to your memorandum of August 18, 1934, relative to the service rendered to the Division and the Department by the Washington City News Service, and with which you forwarded a copy of a decision by the Comptroller General dated August 9th, addressed to the Postmaster General. It is requested that a decision relative to this matter be secured covering the service rendered to the Department of Justice and this Division. In requesting this decision, it is suggested that the Comptroller General be advised that the ruling as furnished to the Postmaster General is not in point as it pertains to the service received by this Division.

It appears that the decision of the Comptroller General as addressed to the Postmaster General is based on the fact that the information received is obtainable from newspapers and the service is therefore to be regarded as a substitute for newspapers. While this may be true as far as the Post Office Department is concerned, the service furnished to the Division of Investigation of the Department of Justice is not a service which is a substitute for newspapers, but is primarily a service rendered so that the interested officials of this Division and the Department of Justice may at all times have information on hand relative to the commission of crimes such as kidnappings, bank robberies, and similar crimes which are not immediately reported to the Department of Justice by local law enforcement agencies. It is believed that this service is a valuable addition to the facilities of the Department, inasmuch as through these news flashes it is possible for the Division of Investigation to secure important information hours before it can be obtained otherwise, and many crimes are brought to the attention of the Division and steps are taken immediately to have the proper investigation conducted to bring about the solution of the crimes and the apprehension of the criminals, which otherwise would be delayed due to the fact that such crimes are not being reported to the Department by local law enforcement officials.

Mr. Nathan
Mr. Tolson
Mr. Clegg
Mr. Baughman
Chief Clerk
Mr. Coffey
Mr. Cowley
Mr. Edwards
Mr. Egan
Mr. Fox
Mr. Keith
Mr. Lester
Mr. Quinn
Mr. Tamm
Mr. Sch. L.



Very truly yours,

J. Edgar Hoover

John Edgar Hoover,
Director.

Encl. #511117.

Department of Justice
Washington

JWG-MMP

August 18, 1934.

Memorandum for the Director, Division of Investigation.

Referring to your memorandum of August 16th, attached hereto, in which you request that a confirmatory order be issued for the Washington City News Service, for the period from May 24 to June 30, 1934, and that a contract be executed covering this service for the entire fiscal year 1935, your attention is invited to the attached decision from the Comptroller General dated August 9, 1934, in reference to the news ticker service installed by the Washington City News Service in the office of the Postmaster General, in which the Comptroller General holds that payment for this service cannot be made from any appropriation under the control of the Post Office Department.

In view of the foregoing it will be necessary for you to furnish a statement explaining what service is being furnished by the Washington City News Service to your office, in order that the voucher amounting to \$229.57 may be submitted to the Comptroller General with a request for his decision in the matter.

Respectfully,

J. W. Gardner
General Agent and Chief Clerk.

RECORDED
&
INDEXED

AUG 22 1934

94-8-95-1X12
AUG 22 1934
TOLSON
ls

Original & Copy

COMPTROLLER GENERAL OF THE UNITED STATES

Washington

A-56774

August 9, 1934.

The Honorable,

The Postmaster General.

Sir:

There was received July 24 your undated letter as follows:

"A teletype machine was recently installed in the office of the Postmaster General in order to provide the Department with news ticker service. There was no installation charged for this machine, the only expense entailed being a monthly charge at the rate of \$75 per month for paper, ribbons, maintenance and service. It is furnished by the Washington City News Service, a subsidiary of the United Press, and the service is said to be the only one of its kind in the United States. It is understood that similar machines have recently been installed in the Treasury Department, the Department of Justice, and the National Recovery Administration.

"Your decision is sought as to the propriety of authorizing the payment of the monthly service charges on this machine out of the appropriation for 'Contingent Expenses, Post Office Department, * * * Miscellaneous Items.' If the appropriation mentioned is not properly chargeable with the cost of maintaining this machine, please advise what appropriation available to the Department would be so chargeable.

"Since this is a matter of some urgency an early decision will be appreciated."

It is understood from your submission that the service in question furnishes information otherwise obtainable from newspapers. In other words, that it is for all practicable purposes a substitute for or in lieu of newspapers. Section 192, Revised Statutes, provides:

"The amount expended in any one year for newspapers, for any Department, except the Department of State, including all the Bureaus and offices connected therewith, shall not exceed one hundred dollars. And all newspapers purchased with the public money for the use of either of the Departments must be preserved as files for such Department."

94-8-95-1X12

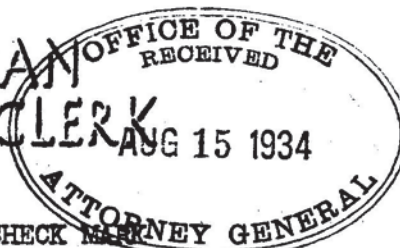
I do not find in the appropriation for Contingent Expenses, Post Office Department, act of March 15, 1934, 48 Stat. 443, or in any other appropriation available to your office, any authorization to expend more than \$100 per year for newspapers or substitutes for newspapers. See 3 Comp. Gen. 491; 10 id. 531. It must be held, therefore, that no appropriation under your control is available for payment for the services in question.

Respectfully,

(Signed) J. R. McCARL

Comptroller General
of the United States.

FROM
D. J. HEFFERNAN
ASSISTANT CHIEF CLERK
TO



OFFICIAL INDICATED BELOW BY CHECK

Attorney General	Mr. Gardner
Solicitor General	Mr. Caldwell
Asst. to the Attorney General	Mr. Sornborger
Asst. Attorney General Keenan	Mr. Moore
Asst. Attorney General Sweeney	Mr. Bodholdt
Asst. Attorney General Stephens	Mr. Goetz
Asst. Attorney General Wideman	Mr. Kearney
Asst. Attorney General Blair	Mrs. Kidd
Asst. Solicitor General	Miss Waddle
Mr. Stewart	Mr. Ford
Mr. Hoover	Miss Fitzgerald
Mr. Bates	Miss Biggs
Mr. Beardslee	Mr. Lord
Mr. Tolson	Mr. Boyd
Mr. McMahon	

MEMORANDUM

*Person of no such service
in this Dept. Do you? Please
return.*

AUG 22 1934

RECORDED

94-8-95-7X12

8-15-34
W. J. Heffernan
AUG 21 1934
TOLSON
CH. CLK.
g

COMPTROLLER GENERAL OF THE UNITED STATES

Washington

August 9, 1934.

C
O
P
Y

The Honorable,
The Postmaster General.

Sir:

There was received July 24 your undated letter as follows:

"A teletype machine was recently installed in the office of the Postmaster General in order to provide the Department with news ticker service. There was no installation charged for this machine, the only expense entailed being a monthly charge at the rate of \$75 per month for paper, ribbons, maintenance and service. It is furnished by the Washington City News Service, a subsidiary of the United States. It is understood that similar machines have recently been installed in the Treasury Department, the Department of Justice, and the National Recovery Administration.

"Your decision is sought as to the propriety of authorizing the payment of the monthly service charges on this machine out of the appropriation for 'Contingent Expenses, Post Office Department, * * * Miscellaneous Items.' If the appropriation mentioned is not properly chargeable with the cost of maintaining this machine, please advise what appropriation available to the Department would be so chargeable.

"Since this is a matter of some urgency an early decision will be appreciated."

It is understood from your submission that the service in question furnishes information otherwise obtainable from newspapers. In other words, that it is for all practicable purposes a substitute for or in lieu of newspapers.

Section 192, Revised Statutes, provides:

"The amount expended in any one year for newspapers, for any Department, except the Department of State, including all the Bureaus and offices connected therewith, shall not exceed one hundred dollars. And all newspapers purchased with the public money for the use of either of the Departments must be preserved as files for such Department."

September 6, 1934.

MEMORANDUM FOR MR. J. W. GARDNER,
GENERAL AGENT AND CHIEF CLERK.

Original Filed

With reference to my recent memorandum regarding the request of a decision from the General Accounting Office as to the use of the service rendered by the Washington City News Service, by this Division, it is requested that an effort be made to have the rendering of the decision in this matter expedited.

Very truly yours,

John Edgar Hoover,
Director.

RECORDED

94-8-95-1X13

SEP 2 1934

8

J. W. GARDNER

GENERAL AGENT AND CHIEF CLERK

Department of Justice
Washington

JWG-MMP

Mr. Nathan	.....
Mr. Tolson	.....
Mr. Clegg	.....
Mr. Glavin	.....
Mr. Ladd	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Tracy	.....
Mr. Carson	.....
Mr. Coffey	.....
Mr. Cowley	.....
Mr. Edwards	.....
Mr. Egan	.....
Mr. Harbo	.....
Mr. Keith	.....
Mr. Lester	.....
Mr. Quinn	.....
Mr. Schilder	.....
Mr. Tamm	.....

September 17, 1934.

Memorandum for the Director,
Division of Investigation.

Referring to your memorandum of September 6th, you are advised that the Department has decided not to request a decision from the Comptroller General in regard to the Washington City News Service, as we have reached the conclusion that the cost of said service is properly payable from the appropriation "Contingent Expenses, Department of Justice", and a purchase order will be issued accordingly.

Respectfully,

J. W. Gardner
General Agent and Chief Clerk.

RECORDED

94-8-95-1X14

SEP 20 1934

JEH:HCB

October 27, 1934.

Time: 9:57 a.m.

MEMORANDUM FOR MR. TOLSON

Mr. McMahon, of the Department, telephoned and expressed his approval of the fact that Comptroller General McCarl had reversed his opinion in connection with the press teletype service, so far as we are concerned. I stated I felt this action was proper; that it is the only means by which we can keep in touch with many kidnaping cases. Mr. McMahon remarked that he had been particularly interested in this matter because he knew it was so necessary. I further stated that it is not a case of keeping the Departmental officials informed on general news, but through this service we are daily informed of a number of cases about which we have not been informed because the local authorities have not reported them to us, and we can then get in touch with the various field offices. I referred to the kidnaping case, or alleged kidnaping case, which occurred in Connecticut last night, and which concerned the disappearance of a nine-year-old child. I pointed out that we received word of this matter through the teletype system, and were thus enabled to give it some attention.

Mr. McMahon stated that the Department had not asked Mr. McCarl for an opinion, but he, Mr. McMahon, had expressed himself rather emphatically to Mr. McGuire, who later called him back and said it will be all right. I remarked that the teletype system is both a time-saving and a money-saving device. Mr. McMahon indicated that he pointed out that this system is much more valuable to this Department than to the Post Office Department, although he thought possibly some plan might be effected for that Department to use it also. I stated that of course there would be little value in the news to the Post Office Department, whereas flashes on kidnaping and bank robbery cases are of extreme importance to us, since, unlike mail robberies, the crime occurs outside of Federal property, so to speak. I further stated that of course there is really no comparison between the problem of the Justice Department and the other Departments in this respect.

Very truly yours,

John Edgar Hoover,
Director.

RECORDED
&
INDEXED

94-8-95-1115

Mr. Nathan
Mr. Tolson
Mr. Clegg
Mr. Baughman
Chief Clerk
Mr. Coffey
Mr. Cowley
Mr. Edwards
Mr. Egan
Mr. Harbo
Mr. Keith 1 copy
Mr. Lester
Mr. Quinn
Mr. Schilder
Mr. Tamm
.....

JOHN EDGAR HOOVER
DIRECTOR

TDQ:RCL

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

March 13, 1935.

MEMORANDUM FOR MR. TOLSON.

RE: REQUEST FOR COPY OF
TICKER NEWS SERVICE.

Kindly be informed that Messenger McGiven informed me that the Secretary to Mr. Suydam telephoned him this morning and wanted to know if it would be possible to have one copy of the ticker news service delivered to Mr. Suydam's office and that he informed her that someone over him would have to pass upon the matter.

Of course, you realize that at the present time we are using a three-roll paper and that a copy of the news ticker is being forwarded to the Attorney General's office, Mr. Stanley and to the Director.

At the present time there is an additional charge in view of the fact that we are using three-roll paper and, of course, there will be a further charge if we request four-roll paper.

Unless advised to the contrary, I will not communicate with Mr. Suydam's office informing them that all available copies are now being used.

Respectfully,

T. D. Quinn.

I agree with you.

APR 3 1935

94-8-95-1X16
RECORDED
APR 2 1935
U. S. DEPARTMENT OF JUSTICE
FILE

TDQ:RCL

94-8-95-1X17

April 8, 1935.

MEMORANDUM FOR THE ASSISTANT TO THE ATTORNEY GENERAL,
MR. WILLIAM STANLEY.

RE: REQUEST FROM MR. SUYDAM TO RECEIVE
THE WASHINGTON NEWS TICKER SERVICE.

Responding to your memorandum dated April 3, 1935 with regard to the request of Mr. Suydam to the effect that he be furnished with a copy of the Washington News Ticker Service, kindly be informed that instructions have been issued that henceforth the copy formerly furnished your office will be transmitted directly to Mr. Suydam's office.

Mr. Suydam's memorandum to you dated March 30, 1935 is being returned herewith.

Very truly yours,

John Edgar Hoover,
Director.

Enclosure 329466

ADDRESS REPLY TO
"THE ATTORNEY GENERAL"
AND REFER TO
INITIALS AND NUMBER

DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

April 3, 1935

MEMORANDUM FOR MR. HOOVER

In re: Request from Mr. Suydam to receive
the Washington News Ticker Service.

Please note the attached memorandum from Mr. Suydam. I believe it is important that he should receive this service if you can conveniently arrange it. As a matter of fact, I think it is more important for him to receive it than it is for my office to be furnished with it.

William Stanley
William Stanley
The Assistant to the Attorney General

Mr. Nathan
Mr. Tolson
Mr. Backus
Mr. Baughman
Chief Clerk
Mr. Clegg
Mr. Coffey
Mr. Edwards
Mr. Egan
Mr. Harbo
Mr. Keith
Mr. Lester
Mr. Quinn
Mr. Schilder
Mr. Smith
Mr. Tamm
Mr. Tracy
Miss Gandy

RECORDED

APR 11 1935

*Send it to him & discontinue
copy to Stanley.*

J. E. X.

94-8-95-1X17
APR 9 1935
TOLSON

any

C O P Y

HENRY SUYDAM
Sp. Asst. to the
Atty. Gen.

DEPARTMENT OF JUSTICE
WASHINGTON

March 30, 1935.

MEMORANDUM FOR MR. WILLIAM STANLEY,
THE ASSISTANT TO THE ATTORNEY GENERAL.

With regard to my memorandum of March 20 in which I requested, if possible, that a copy of the Washington news ticker service be furnished me, Mr. Holland of the Supply Division informs me that I will have to take this up with the Federal Bureau of Investigation.

I would appreciate it if you would bring the matter to the attention of the Director so that I may have this service if it is available. As I explained to you in my earlier memorandum, I think that if the news ticker service is being used in the Department a copy of it might well be furnished to those of us who are in direct contact with the press.

(S) HENRY SUYDAM

Henry Suydam
Special Assistant to the Attorney General.

94-8-95-1X17

JOHN EDGAR HOOVER
DIRECTOR

TDQ:RCL

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

April 5, 1935.

7 WIRG
100
2/10/35
Tamm

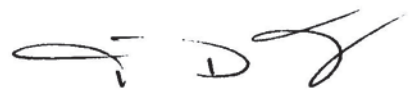
MEMORANDUM FOR MR. TOLSON.

RE: NEWS TICKER SERVICE.

United Press

For record purposes, kindly be informed that effective today instructions were issued to Mr. Seyfarth as well as to the men in the Teletype Room that hereafter the copy of the news service which was formerly furnished Mr. Stanley's office should be furnished to the office of Mr. Suydam. This procedure went into effect as of this date, April 5th.

Respectfully,



T. D. QUINN.

✓

RECORDED

94-8-95-1818

APR 11 1935

100

cy

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
U. S. Department of Justice
Washington, D. C.

JJE:LBS

July 26, 1935.

MEMORANDUM FOR THE DIRECTOR

Re: Mr. Cleland Van Dresser, reporter,
Washington News Service.

Mr. Cleland Van Dresser, reporter for the Washington News Service, called at this office today with a card of introduction from Captain Thompson, of the Metropolitan Police Department, and requested that he be permitted to see the record of a certain individual who was wanted in Schenectady, New York. He stated that Captain Thompson had suggested that he call at this office for the information which he desired. Mr. Van Dresser was informed that the records of the Identification Division were restricted to duly constituted law enforcement officials and that it would not be possible to comply with his request. He then stated that he would like to make his request to the Director and he was referred to your office.

Respectfully,

John J. Edwards
John J. Edwards.

Right.
J. C. H.

RECORDED
&
INDEXED

94-8-95-1X19

JUL 29 1935

TOLSON

EDWARDS

SOFFER

AB

FROM

OFFICE OF DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

TO

OFFICIAL INDICATED BELOW BY CHECK MARK

Mr. Nathan	_____	()
Mr. Tolson	_____	(✓)
Mr. Clegg	_____	()
Mr. Appel	_____	()
Mr. Baughman	_____	()
Mr. Coffey	_____	()
Mr. Edwards	_____	()
Mr. Egan	_____	()
Mr. Foxworth	_____	()
Mr. Glavin	_____	()
Mr. Harbo	_____	()
Mr. Joseph	_____	()
Mr. Keith	_____	()
Mr. Lester	_____	()
Mr. Quinn	_____	()
Mr. Scheidt	_____	()
Mr. Schilder	_____	()
Mr. Tamm	_____	()
Mr. Tracy	_____	()
Inspector	_____	()
Unit	_____	()
Secretary	_____	()

_____ See Me	(✓)
Prepare Reply	()
For Your Information	()
Note and Return	()
File	()

Remarks:

Re news teletype.

J. E. N.

*Discontinue
unless
Tamm
has need
for it*

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

WRG:GJR

August 29, 1935

MEMORANDUM FOR MR. TOLSON

Before taking further action toward the cancellation of the service that is being obtained by the Bureau through the news teletype, I desire to advise you that all expenses incident to this service are being paid out of the Department's appropriation for contingent expenses.

Respectfully,

W. R. Glavin
W. R. Glavin. *for*

*on to
retain
9/10/1*

RECORDED

SEP 11 1935

94-8-95-1X20	
FEDERAL BUREAU OF INVESTIGATION	
SEP 11 1935 A.M.	
U. S. DEPARTMENT OF JUSTICE	
CHIEF CLERK	FILE

FOUR

Department of Justice
Washington

October 23, 1935

MEMORANDUM FOR MR. JOHN EDGAR HOOVER
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

Mr. Pinkerton of the Associated Press has asked me for information as to the fund of appropriation from which payment is made for the news ticker service of the Washington City News Service. This, as you doubtless know, is a subsidiary of the United Press.

I do not know the purpose of Mr. Pinkerton's query and neither does he. He tells me that the Associated Press has asked for this information. I will be pleased if you will advise me what answer should be made to this query.

Henry Suydam

Henry Suydam,
Special Assistant to the Attorney General.

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Backman	
Chief Clerk	
Mr. Clegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	
Mr. Joseph	
Mr. Keith	
Mr. Lester	
Mr. Quinn	
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

RECORDED
&
INDEXED

OCT 28 1935

94-8-95-1X21	
FEDERAL BUREAU OF INVESTIGATION	
OCT 25 1935 P. M.	
U. S. DEPARTMENT OF JUSTICE	
TOLSON	FILE

JEH:RLM

March 6, 1936.

Time-11:24 A.M.

MEMORANDUM FOR MR. TOLSON

RE: Tour of Bureau by members
of United Press.

Mr. Snyder telephoned and stated that Mr. Turner of the United Press had inquired of him if arrangements could be made to take several members of the United Press through the Bureau tomorrow. I told Mr. Snyder that I would be glad to make arrangements for a special tour at 10:30 A.M. tomorrow. Mr. Snyder stated that he would bring them around to my office.

Very truly yours,

John Edgar Hoover,
Director.

RECORDED
&
INDEXED

COMMUNICATIONS SECTION
MAILED
MAR - 6 1936
F.B.I.
FEDERAL BUREAU OF INVESTIGATION,
U. S. DEPARTMENT OF JUSTICE

62-27040-2
FEDERAL BUREAU OF INVESTIGATION
MAR 9 1936 A.M.
U. S. DEPARTMENT OF JUSTICE
FILE

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
U. S. Department of Justice
Washington, D. C.

WHDL:BG

March 7, 1936.

MEMORANDUM FOR THE DIRECTOR

Re: Tour of Bureau by United Press representatives.

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Baughman	✓
Chief Clerk	
Mr. Clegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	✓
Mr. Joseph	✓
Mr. Keith	
Mr. Lester	✓
Mr. Quinn	✓
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

I conducted a party of five individuals, who I understand are representatives of the United Press, through the Bureau today, attempting to stress particularly those things in which I thought members of their profession might be interested.

The tour lasted slightly over two hours and included the Single Fingerprint File, the Technical Laboratory, and the Firearms Range. All members seemed extremely interested and asked many pertinent questions.

All of them asked me to express their thanks to you for making arrangements for a personally conducted tour, and I assured them that I would do so.

At the conclusion of the tour they were furnished with appropriate literature and I assured them that it was a pleasure to show them through and that you were delighted that they had paid the Bureau a visit. I also suggested that you would be pleased to have them visit the Bureau at any subsequent time, as well as their friends.

All five members of the party had their fingerprints taken for our personal identification files.

The guest cards signed by these people are attached hereto, their names being listed below:

Mr. C. R. Turner, Jr., 3120 R St., N. W., Washington, D. C.
Mrs. C. R. Turner, Jr., 3120 R St., N. W., Washington, D. C.
Mrs. A. D. Morris, 1742 R St., N. W., Washington, D. C.
Mr. Ray Poaler, Austin, Minnesota.
Mrs. Ray Poaler, Austin, Minnesota.

RECORDED & INDEXED
Respectfully,

W. H. D. Lester
W. H. D. Lester.

62-27040-3

FEDERAL BUREAU OF INVESTIGATION

MAR 11 1936

U. S. DEPT. OF JUSTICE

ROUTED TO

GT:ACS

October 24, 1935.

80
RECORDED

94-8-95-1X21

MEMORANDUM FOR MR. HENRY SUYDAM,
SPECIAL ASSISTANT TO THE ATTORNEY GENERAL.

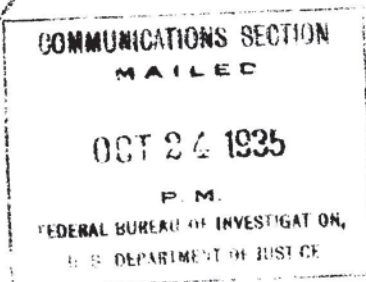
92
ms

In reply to your memorandum dated October 23rd in which you advise that Mr. Pinkerton of the Associated Press has requested information as to the fund or appropriation from which payment is made for the news ticker service of the Washington City News Service, you are advised that payment for this service is not made from the appropriation of the Federal Bureau of Investigation and I do not know the exact appropriation from which such payment is made.

Very truly yours,

J. Edgar Hoover

John Edgar Hoover,
Director.



CT:ACS

March 10, 1936.

RECORDED 94-8-95-3X

**MEMORANDUM FOR MR. S. A. ANDRETTA,
ASSISTANT ADMINISTRATIVE ASSISTANT TO THE ATTORNEY GENERAL.**

Reference is made to your memorandum dated March 6, 1936, in which you advised that the cost of the news ticker service now being used by the Bureau is not properly chargeable to Contingent Expenses but must be paid out of the appropriation for the Federal Bureau of Investigation.

You are advised that the Bureau will not be able to pay for this service and confirming Mr. Tolson's advice, it is requested that steps be taken to have the news ticker service discontinued at once. It is understood that this does not apply in any way to the teletypewriter service which is maintained between the Washington headquarters of the Bureau and its various field offices.

Very truly yours,

J. Edgar Hoover

John Edgar Hoover,
Director.

Mr. Nathan
Mr. Tolson
Mr. Clegg
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Tracy
Mr. Carson
Mr. Egan
Mr. Gurnea
Mr. Hendon
Mr. Jones
Mr. Quinn Tamm
Mr. Nease
Miss Gandy

RECEIVED
MAR 10 1936

U.S. DEPT. OF JUSTICE



Warg
0526

Department of Justice
Washington

March 9, 1936.

MEMORANDUM FOR MR. HOOVER
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

At the recent hearings before the Bureau of the Budget, the Department requested additional funds for the appropriation "Contingent Expenses, Department of Justice," in order to provide for certain items for the rest of the current fiscal year, among which was the rental of your teletype machine.

We were informed by the Bureau of the Budget that this item is not properly chargeable to contingent expenses but must be paid out of the appropriation for the Federal Bureau of Investigation from the funds set up for rewards in accordance with the decision of the Comptroller General (see vol. 14, p. 335, Decisions of the Comptroller General), in which it is stated that teletype news ticker service is available, when used for securing information looking to the apprehension of criminals, from the appropriation for payment of rewards.

In view of the foregoing, it will be necessary for us to transfer this item from the appropriation "Contingent Expenses, Department of Justice" to your appropriation. I hope this will meet with your approval.

RECORDED

94-8-95-3 X

S. A. Andretta

Assistant Administrative Assistant
to the Attorney General.

MAR 12 1936

TOLSON
DEPT. OF JUSTICE

I think we should
at once discontinue
the news ticker.

J. E. N.

R 7

Tolson	✓
E. A. Tamm	✓
Clegg	✓
Glavin	✓
Ladd	✓
Nichols	✓
Tracy	✓
Harbo	✓
Belmont	✓
Mohr	✓
Winterrowd	✓
Tele. Rm.	✓
Mr. Holloman	✓
Miss Gandy	✓

and
3/10/36

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

CT:ACS

March 14, 1936.

MEMORANDUM FOR THE DIRECTOR.

On March 10th, I talked with Mr. Andretta concerning the news ticker matter which was the subject of a recent memorandum which he sent to you. He stated he had looked into the matter further and that he believed the cost of the news ticker was a proper charge against the news clipping appropriation in the Department and that he felt the service could be continued. I told him that the news ticker machine might remain in the Bureau provided, of course, that the cost of it would not be charged against our appropriation. I pointed out that our funds are so limited that we could not bear the cost of this service which is maintained primarily for the use of the Attorney General.

Respectfully,

Clyde Tolson.

RECORDED
&
INDEXED

94-8-95-3 X1

MAR 18 1936

RECEIVED
MAR 18 1936
FOUR

97

RECORDED COPY FILED IN 64-11

Wage ✓

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

CT:ACS

March 14, 1936.

MEMORANDUM FOR THE DIRECTOR.

Mr. Andretta called to see me on Tuesday, March 10th concerning some question which has been raised by the General Accounting Office relative to purchase vouchers for the Bureau.

I pointed out to Mr. Andretta that I did not believe our requisitions should be marked "no funds available" inasmuch as funds actually still remain in our appropriation for this year. Mr. Andretta agreed with me and stated that he would take care of this matter in the Supply Division.

Respectfully,

Clyde Tolson.

RECORDED
&
INDEXED

94-8-95-312

MAR 17 1936

TOLSON
CHAS. CLK.
FOUR

RECORDED COPY FILED IN 66-4011

Wage ✓

JAH:RLM

April 10, 1936.

Time- 12:20 P.M.

MEMORANDUM FOR MR. TOLSON

RE: Material for story for
Mr. Turner of the United
Press.

Mr. Suydam telephoned and stated that Mr. Turner of the United Press had contacted him relative to obtaining a story on the new gun. I told Mr. Suydam that I thought the gun story should be withheld for the time being and Mr. Suydam inquired if there was anything else I could give Mr. Turner. I told Mr. Suydam that the one hundred thousandth civil fingerprint would be received within the next week or two and that I thought this could be made into a good story in that reference could be made to those persons of national prominence who have been through the Bureau and fingerprinted.

I told Mr. Suydam that a story relating to the present status of the members of the first Police Training School would also make a good story; that each member could be taken individually and show what has happened to them since returning to their respective communities. I stated that some of these men have been promoted to instructors of training and also promoted in ranks. I further stated that this could be used as a special feature story rather than a general release.

Mr. Suydam stated that the civil fingerprint story would be very good material for Mr. Turner and Mr. Suydam inquired if I could see Mr. Turner this afternoon. I told Mr. Suydam that I could see Mr. Turner at 4 o'clock this afternoon.

Very truly yours,

John Edgar Hoover,
Director.

INDEXED

62-27040-4	
FEDERAL BUREAU OF INVESTIGATION	
APR. 11. 1936	
U.S. DEPARTMENT OF JUSTICE	
FILE	

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

Record of Telephone Call of Visitor.

Apr. 29 1936.

Time 9:30

Name Lyle Wilson, of the United Press tele

Referred to

Mr. Nathan ☒
Mr. Tolson ☒
Mr. Clegg ☒
Mr. Coffey ☒
Mr. Edwards ☒
Mr. Egan ☒
Mr. Foxworth ☒
Mr. Harbo ☒
Mr. Joseph ☒
Mr. Keith ☒
Mr. Lester ☒
Mr. Quinn ☒
Mr. Schilder ☒
Mr. Tamm ☒
Mr. Tracy ☒
Miss Gandy ☒
Mr. Kleinlauf ☒

Details:

Called to advise a change in his address from
1010 Vermont Ave., N.W. to the National Press Bldg. cek

RECORDED
&
INDEXED

MAY 8 1936

94-8-95-4X1

FEDERAL BUREAU OF INVESTIGATION

U. S. DEPARTMENT OF JUSTICE

TOLSON
FOUR
CHAS. SECT.
IDENT UNIT
JOSEPH
FILE

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

April 13, 1936

MEMORANDUM FOR MR. GLAVIN.

With regard to my inquiry of you relative to the question of whether the news machine presently in the Communications Section was to be retained or not, please be advised that there appears in File 62-31670, the News Machine file, advice that the Department sees fit to pay for the expense of this machine and that same will be retained for Bureau and Department use.

Accordingly, I wish to advise there are on hand at the present time only nine rolls of news machine paper, which supply is sufficient to last until approximately the end of next week, April 25. It is estimated that an additional supply of 12 rolls will last until shortly after July 1, 1936. The cost of one roll of this paper is approximately \$1.50, the exact cost being .35¢ per pound.

It is therefore recommended that an immediate order be placed for 12 rolls of this paper. The order should be placed by telephone with the Washington City News Service, National Press Building, National 6621. It is specifically requested that the rolls contain one yellow original sheet and three blue sensitized sheets. The rolls which contain one strip of carbon paper are entirely unsatisfactory and undesirable for Bureau use.

Respectfully,

O. H. Patterson

O. H. Patterson,
Communications Section.

RECORDED

APR 16 1936

94-8-95-4X

FILED	INVESTIGATION
APR 15 1936	A.M.
U.S.	DEPT. OF JUSTICE
SHF. OLK	

14

OK 8/4/13

*9 rolls
30 days delivery
11/15
4/15*

United Press Associations

INCORPORATED IN NEW YORK

GENERAL OFFICES
NEWS BUILDING NEW YORK CITY

CLEM J. RANDAU
GENERAL BUSINESS MANAGER

May 21, 1936.

Dear Mr. Hoover:

In Mr. Randau's absence in the midwest I wish to acknowledge your letter of May 20, enclosing a copy of the address which you made last night before the Thirtieth Annual Convention of the Boys' Clubs of America at Philadelphia. Mr. Randau is expected to return here within a few days, and I know that he will appreciate your sending him the copy of your address and read it with keen interest.

In future if you could let us have a copy of your speeches as much as 24 hours in advance of your speaking time, we would appreciate it very much. This would be a great convenience to us, enabling our giving wider and fuller distribution of your speeches, as early receipt of copy affords our editors an opportunity to plan their wire schedules and to give ample time and thought to the preparation of the story. Of course, our receiving a copy of your speech a day in advance would not mean that it would be published before the time set for delivery, because we handle such material by sending it to our clients marked "Hold for Release" and specify the time it can be used for publication.

With an expression of esteem, and with best wishes,

Very sincerely yours,

B. K. Manley
Secretary to Mr. Randau.

Mr. John Edgar Hoover,
Director,
Federal Bureau of Investigation,
U. S. Department of Justice,
Washington, D. C.

RECORDED & INDEXED

WRM:TP

94-8 95-412

PH

RCH:ERM

94-8-95-412

May 29, 1936.

RECORDED

Mr. William B. Manley,
United Press Associations,
News Building,
New York, New York.

Dear Mr. Manley:

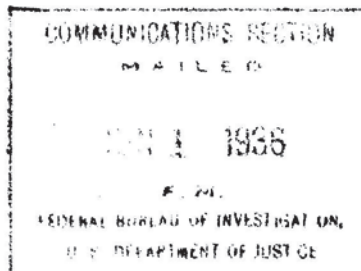
I have received your letter dated May 21, 1936, acknowledging in the absence of Mr. Randau the receipt of my letter of May 20th enclosing a copy of the address which I made on that date before the Thirtieth Annual Convention of the Boys' Clubs of America at Philadelphia.

I appreciate your suggestion that in the future copies of my speeches be furnished to you twenty-four hours in advance of the speaking time and shall give it due consideration.

Sincerely yours,

John Edgar Hoover,
Director.

Mr. Nathan
Mr. Tolson
Mr. Baughman
Chief Clerk
Mr. Clegg
Mr. Coffey
Mr. Edwards
Mr. Egan
Mr. Foxworth
Mr. Harbo
Mr. Joseph
Mr. Keith
Mr. Lester
Mr. Quinn
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy



Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

June 16, 1936

MEMORANDUM FOR MR. GLAVIN.

Re: News Machine Paper.

There is on hand at the present time sufficient paper for this Bureau's news machine to last approximately two weeks.

It is therefore suggested that there be ordered at once 36 rolls of paper from the Washington City News Service Company, Press Building, National 6622. This amount will suffice for approximately three months. The cost of this paper is 35¢ per pound, the cost per roll being about \$1.60.

It is requested that the paper ordered be the rolls composed of one original yellow sheet, with the three sensitized blue sheets. Carbon inserts are not practical, and cannot be used satisfactorily.

This paper may be ordered by telephone.

Respectfully,

O. H. Patterson

O. H. Patterson,
Communications Section.

*45 copies
Department of Justice
Washington, D.C.
6/17/36*

RECORDED
&
INDEXED

JUN 23 1936

94-8-95-4X3	
FEDERAL BUREAU OF INVESTIGATION	
JUN 17 1936 P.M.	
U. S. DEPARTMENT OF JUSTICE	
DEF. CLK.	FILE

JEH:OEP:AS

July 15, 1936

Time: 12:42 P.M.

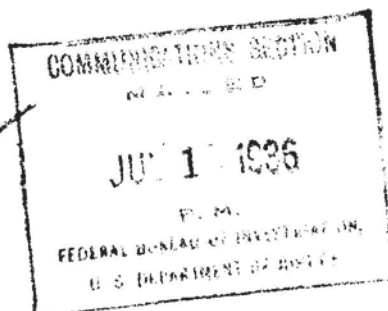
MEMORANDUM FOR MR. TAMM

RE: Espionage.

Mr. Turner of the United Press telephoned and inquired if he could have permission to write a story to the effect that the Federal government is going after espionage in the same manner they went after kidnaping. I stated that while I had no personal objection to such a story the matter was a delicate one and that the Department ought to be consulted as to its attitude. I suggested that Mr. Turner talk with Colonel Gates and possibly with Mr. McMahon. I stated that if the Department approved I would be glad to talk with him about this matter.

Very truly yours,

John Edgar Hoover,
Director.



RECORDED
&
INDEXED

94-8-95-4X4

1936

JOHN EDGAR HOOVER
DIRECTOR

WRG:RML

Federal Bureau of Investigation

U. S. Department of Justice
Washington, D. C.

August 15, 1936.

MEMORANDUM FOR MR. TOLSON

RE: NEWS TICKER.

United Press

Mr. Holland, Chief of the Division of Supplies and Printing, called me this morning and advised me he received instructions to move the News Ticker presently installed in the Communications Section of the Bureau to the Attorney General's Office.

He stated that the men were going to be instructed today to move this machine.

Respectfully,

W. R. Glavin.

RECORDED

94-8-95-4X5

AUG 18 1936

TOLSON

FOUR

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

August 15, 1936

9:07 am

Mr. Tolson advises they are moving the news ticker around to the A.G.'s office; probably on account of approaching election.

Mr. Tolson said we would get copies of flashes.

United Press

st

RECORDED

94-8-45-4X6
FEDERAL BUREAU OF INVESTIGATION
AUG 18 1936
U. S. DEPARTMENT OF JUSTICE

TOLSON
OFF. CLK.
FOUR

K

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Baughman	
Mr. Clegg	
Mr. Coffey	
Mr. Dawsey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	✓
Mr. Glavin	✓
Mr. Harbo	
Mr. Joseph	
Mr. Lester	✓
Mr. Nichols	✓
Mr. Quinn	✓
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

Federal Bureau of Investigation

U. S. Department of Justice

Washington, D. C.

NRG:WKB

August 15, 1936.

MEMORANDUM FOR MR. TOLSON.
RE: NEWS TICKER SERVICE.

I have reviewed the file concerning the news ticker service and desire to invite attention to the memorandum received from Mr. S. A. Andretta, Assistant Administrative Assistant to the Attorney General, dated March 9, 1936, wherein he states as follows:

"At the recent hearings before the Bureau of the Budget, the Department requested additional funds for the appropriation 'Contingent Expenses, Department of Justice,' in order to provide for certain items for the rest of the current fiscal year, among which was the rental of your teletype machine.

"We were informed by the Bureau of the Budget that this item is not properly chargeable to contingent expenses but must be paid out of the appropriation for the Federal Bureau of Investigation from the funds set up for rewards in accordance with the decision of the Comptroller General (see vol. 14, p. 335, Decisions of the Comptroller General), in which it is stated that teletype news ticker service is available, when used for securing information looking to the apprehension of criminals, from the appropriation for payment of rewards.

"In view of the foregoing, it will be necessary for us to transfer this item from the appropriation 'Contingent Expenses, Department of Justice' to your appropriation. I hope this will meet with your approval."

Under date of March 10, 1936, Mr. Andretta was advised that the Bureau did not desire to pay for this service and desired that it be discontinued at once. On March 14, 1936, in a memorandum to the Director you stated that you had talked to Mr. Andretta concerning the news ticker matter and that he, Andretta, had looked further into it and believed that possibly the cost of the news ticker was a proper charge against the news clipping appropriation in the Department and that he felt the service could be continued. The charges for this ticker service were not made against our appropriation.

From Mr. Andretta's original memorandum dated March 9, 1936, which is quoted above, it is believed that the Bureau can without any difficulty secure such ticker service for its own use if it desires. A contract for this service would be made through the Department. The instant file is attached hereto.

Respectfully,

W. R. Glavin.

*no action
to be taken
8/22*

TOLSON
E. A. Tamm
Clegg
Glavin
Ladd
Nichols
Rosen
Tracy
Harbo
Mohr
Tele. Rm.
Holloman
Nease
Gandy

AX

August 27, 1938

TRG:JCR

MEMORANDUM FOR MR. T. D. QUINN
ADMINISTRATIVE ASSISTANT TO THE ATTORNEY GENERAL

Off. of Public Affairs

It is requested that arrangements be made to install a news ticker teletype in the Communications Section of this Bureau at an early date.

It is understood that this service can be secured through the Washington News Service of this City.

I would appreciate anything you might do to expedite the installation of this machine.

Very truly yours,

John Edgar Hoover
Director

Mr. Tolson
Mr. Nathan
Mr. Tamm
Mr. Clegg
Mr. Coffey
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Tracy
Miss Gandy



94-895-4X8

AUG 26 1938

FEDERAL BUREAU OF INVESTIGATION

Room 5744

8/23

1938.

To: _____ Director
_____ Mr. Nathan
_____ Mr. Clegg
✓ _____ Mr. Tamm
✓ _____ Mr. Glavin
_____ Mr. Crowl
_____ Miss Gandy
_____ Mr. Tracy
_____ Mr. Dawsey
_____ Mr. Harbo
_____ Mr. Renneberger
_____ Mr. Nichols
_____ Personnel Files Section
_____ Files Section
_____ Miss Sheaffer

See Me ✓ For Appropriate Action

Send File Note and Return

Write to
Per
Instal

Clyde Tolson

FEDERAL BUREAU OF INVESTIGATION

Room 5744 8/20 1938.

75-

To: _____ Director Dean
_____ Mr. Nathan
_____ Mr. Clegg
✓ _____ Mr. Tamm or
_____ Mr. Glavin get
_____ Mr. Crowl
_____ Miss Gandy
_____ Mr. Tracy
_____ Mr. Dawsey
_____ Mr. Harbo
_____ Mr. Renneberger
_____ Mr. Nichols
_____ Personnel Files Section
_____ Files Section
_____ Miss Sheaffer

See Me ✓ For Appropriate Action

Send File Note and Return

Clyde Tolson

OFFICIAL INDICATED BELOW BY CHECK MARK

Mr. Nathan	()
Mr. Tolson	()
Mr. Baughman	()
Miss Beahm	()
Mr. Clegg	()
Mrs. Cleveland	()
Mr. Coffey	()
Mr. Crowl	()
Mr. Dawsey	()
Mr. Egan	()
Mr. Foxworth	()
Miss Gandy	()
Mr. Glavin	()
Mr. Harbo	()
Mr. Hottel	()
Mr. Kleinkauf	()
Miss Laubinger	()
Mr. Lester	()
Mr. McIntire	()
Mr. Nease	()
Mr. Nichols	()
Mr. Renneberger	()
Mr. Schildecker	()
Mr. Schilder	()
Mr. Tamm	()
Mr. Tracy	()
Miss White	()
Files Section	()
Personnel Files	()
For Your Information	()
Note and Return	()
File	()
Return with File	()
Please Initial	()

*This is the letter Mr. Hoover
 we want to talk to you
 about - Re-type. WFE*

8-16-38

Press Manager Named

NEW YORK—Announcement was made today of the appointment of Joseph L. Jones as general foreign manager of the United Press. For the past 12 years he has been foreign editor at the U. P. office here.

94-8-95-A

RECEIVED
JUL 12 1951

RCH:MWC

94-8-95-1-5

October 1, 1936.

Mr. I. I. Fearite,
United Press,
San Antonio, Texas.

Dear Mr. Fearite:

Upon the suggestion of Mr. D. W. Magee of this Bureau, I am very pleased to advise that your name has been placed on our mailing list to receive various publications as they are periodically released.

With best wishes and kind regards, I

am

Sincerely yours,

CC NEW ORLEANS

2071

FEDERAL BUREAU OF INVESTIGATION

Room 5250 9-22 1936.

Phones 53 and 560

TO: Director Mr. Coffey
XXXX Mr. Tolson Mr. Harbo
Mr. Nathan Mr. Lester
Mr. Clegg Mr. Renneberger
Mr. Tamm Mr. Schilder
Mr. Edwards Mr. Tracy
Mr. Egan Mr. Glavin
Mr. Quinn Files Section
Mr. Mail Room

RESEARCH DIVISION

Mr. Acers Mr. Hicks
Mr. Chayfitz Mr. Nichols
Mr. Dawsey Mr. Pieper
Mr. Hendon Mr. Plunkett
SEE ME NOTE & RETURN

Mr. I. I. Femrite is not on the mailing
list. Will we add his name?

R. E. Joseph.

*Pl. on list
9-29-36
gm
Letter to Femrite
4-29-36
10-1-36
RCH*

DWM:cw.

1308 Masonic Temple Building,
New Orleans, La.
September 11, 1936.

Special Agent in Charge,
San Antonio, Texas.

Dear Sir:

Kindly be informed that Mr. I. J. Femrite has, until today, been in charge of the United Press in New Orleans, Louisiana. Mr. Femrite has been transferred to San Antonio, Texas, to be in charge of the United Press there, and will maintain headquarters in the San Antonio "News" office.

The writer has found Mr. Femrite a very cooperative press representative. On the occasion of the Barker affair in Florida, in the Bremer kidnaping case, Mr. Femrite kept this office momentarily advised of developments and this office was able to place road blocks from Florida into New Orleans.

Press reports from the United Press in New Orleans have always been favorable to the Bureau, and I have found Mr. Femrite quite reliable. He informs me that he will call on you and make your acquaintance when he arrives in San Antonio, Texas, in the near future.

Very truly yours,

D. W. Magee,
Special Agent in Charge.

cc-
2-Bureau

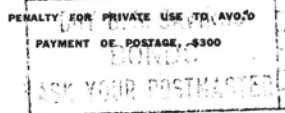
RECORDED
&
INDEXED

94-8-95-5

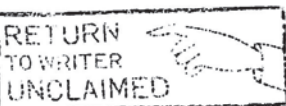
Letter to Femrite
8 7-36
10 KCH

DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

OFFICIAL BUSINESS



Mr. I. I. Femrite,
United Press,
San Antonio, Texas.



94-8-95-1

AHC:TS

September 22, 1938

94-8-95-5X

Mr. Arch Eddy, Manager
Washington City News Service
National Press Building
Washington, D. C.

Dear Sir:

In reply to your communication of September 14, 1938,
there are attached duplicate signed copies of an agreement
covering news service to be furnished to the Federal Bureau of
Investigation by your company.

Very truly yours,
For the Director

Harold Nathan
Assistant Director

Enclosure

- Mr. Tolson.....
- Mr. Nathan.....
- Mr. E. A. Tamm.....
- Mr. Clegg.....
- Mr. Coffey.....
- Mr. Cowley.....
- Mr. Dawsey.....
- Mr. Egan.....
- Mr. Foxworth.....
- Mr. Glavin.....
- Mr. Harbo.....
- Mr. Lester.....
- Mr. McIntire.....
- Mr. Nichols.....
- Mr. Quinn Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

COMMUNICATIONS SECTION
MAILED
SEP 22 1938
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

19

Washington City News Service

NATIONAL PRESS BUILDING

WASHINGTON, D. C.

Mr. Tolson...
Mr. Nathan...
Mr. E. A. Tamm...
Mr. Clegg...
Mr. Coffey...
Mr. Crowl...
Mr. Dawsey...
Mr. Egan...
Mr. Foxworth...
Mr. Glavin...
Mr. Harbo...
Mr. Lester...
Mr. McIntire...
Mr. Nichols...
Mr. Quinn Tamm...
Mr. Tracy...
Miss Gandy...

September 14, 1938

Federal Bureau of Investigation
Department of Justice
Washington, D. C.

Dear Sirs:

I am enclosing herewith copies of an agreement covering Washington City News Service to the Federal Bureau of Investigation. This agreement is similar to the one now in affect with the Department of Justice. The price has been reduced, however, as we consider this a second printer within a department, and we are happy to make the reduction.

Will you please sign both copies and return them to me?

Sincerely,

Arch Eddy
Arch Eddy
Manager

Encls.

Detached and 9/22

H A J

RECORDED
&
INDEXED.

94-8-95-5X

SEP 15 1938
and
John
[Signature]

WRG:CRM

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.
September 14, 1938

MEMORANDUM FOR MR. TOLSON

The news machine of the Washington City News Service has been installed in the Communications Section of the Bureau. This machine was turned on at 2:30 P. M., today.

Unless advised to the contrary, the following procedure will be used in sending this information to the Director's Office: All news on the machine will be removed therefrom each fifteen minutes and both copies transmitted to the Director's Office. Items which would be of especial interest to the Bureau, will be removed individually as they are received and both copies sent down immediately.

This machine is operated between the hours of 8:30 A. M. and 8:30 P. M.

Respectfully,

W. R. Glavin
W. R. Glavin.

Mr. Tolson ✓
Mr. Nathan ✓
Mr. A. Tamm ✓
Mr. Clegg
Mr. Coffey
Mr. Crowl
Mr. Dawsey
Mr. Egan
Mr. Foxworth
Mr. Glavin
Mr. Harbo
Mr. Lester
Mr. McIntire
Mr. Nichols
Mr. Quinn Tamm
Mr. Tracy
Miss Gandy

1-153

RECORDED COPY FILED

RECORDED
&
INDEXED

94-8-95-5X1

FEDERAL BUREAU OF INVESTIGATION	
SEP 15 1938 P.M.	
U. S. DEPARTMENT OF JUSTICE	
TOLSON	FILE
TAMM	
ONE. OFF.	
REC. DIV.	

October 17, 1938

*MEMORANDUM FOR MR. TOLSON

The Communications Section is starting today to clip the news sent in over the Washington City News Machine before it is sent into the Director's Office for routing.

You will recall that this is the manner in which this was handled before the machine was installed. Up to the present, we have been using our regular white telegraph paper in this machine in order that there would be an original and one carbon of the news. The Washington City News Service, however, will furnish single impression yellow paper for the machine at no cost to the Bureau, and, unless you advise to the contrary, this yellow paper will be used in the news machine in the future. This of course means that there will be no carbon copy received here.

It might be mentioned that the white telegraph paper, having an original and one carbon, costs the Bureau \$.69 a roll and that the news machine uses one roll of this paper in two to two and one-half days.

Respectfully,

W. R. Glavin.

RECORDED

94-8-95-512

C
X

SEARCHED
INDEXED
FILED
NOV 1938

ORIGINAL FILED IN 66-4717-159

White & Press

- | | |
|--------------|-------|
| Mr. Tolson | ..... |
| Mr. Nathan | ..... |
| Mr. Tamm | ..... |
| Mr. Clegg | ..... |
| Mr. Coffey | ..... |
| Mr. Crowl | ..... |
| Mr. Dawsey | ..... |
| Mr. Egan | ..... |
| Mr. Foxworth | ..... |
| Mr. Glavin | ..... |
| Mr. Harbo | ..... |
| Mr. Lester | ..... |
| Mr. McIntire | ..... |
| Mr. Nichols | ..... |
| Mr. Tracy | ..... |
| Miss Gandy | ..... |

RGH:PED

October 22, 1936.

Special Agent in Charge,
San Antonio, Texas.

Dear Sir:

The Bureau has been advised by the New Orleans office that Mr. I. I. Ferrite, who is connected with the United Press, has just been transferred from New Orleans to San Antonio. It is desired that you make a discreet inquiry to ascertain Mr. Ferrite's mailing address in your city, advising the Bureau by letter.

Very truly yours,

John Edgar Hoover,
Director.

RECORDED

INDEXED

44-2-95-6

mm

TWD:JJM

94-8-95-3-7

November 13, 1936.

Special Agent in Charge,
San Antonio, Texas.

Dear Sir:

Reference is made to your letter dated October 27, 1936, wherein you advise that Mr. I. I. Femrite, United Press, 1021 Navarro Street, San Antonio, Texas, has been transferred to Dallas and will leave San Antonio about the middle of November.

Please ascertain and advise the Bureau of Mr. Femrite's Dallas address and of the exact date he will take up his new residence.

Very truly yours,

John Edgar Hoover,
Director.

Federal Bureau of Investigation

U. S. Department of Justice

1216 Smith Young Tower
San Antonio, Texas.
October 27, 1936.

FJL/ML

Director,
Federal Bureau of Investigation,
Washington, D. C.

Dear Sir:

In compliance with Bureau letter dated October 22, 1936, please be advised that Mr. I. I. ~~Femrite~~ receives his mail at 1021 Navarro Street, San Antonio, Texas, where he maintains offices in the W. O. A. I. Radio Broadcasting Station. Mr. Femrite is connected with the United Press and has recently been transferred to San Antonio from New Orleans, La., however, it was determined during this inquiry that Mr. Femrite had been transferred to Dallas and will leave San Antonio about the middle of November.

Very truly yours,

Gus T. Jones
Gus T. Jones,
Special Agent in Charge.

RECORDED

INDEXED

94-8-95-7

noted
gm

Letter to
SAC - San Antonio
11-13-36
JWB

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call of Visitor.

Oct. 26 1936.

3:55

Time _____
Name Mr. Sulzberger of the United
Press tele.

Referred to _____

Mr. Nathan _____
Mr. Tolson _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinkauf ☒
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn ☒
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy ☒
Miss Gandy _____

Details:

Stated that he desired to obtain, if possible, the figures on the number of persons arrested in the last six months in connection with the drive on White Slavery; that he had talked with Col. Gates who stated that he did not have these figures and that Mr. Suydam was sick. Upon advice from Mr. Quinn he was transferred to Mr. Quinn. *æk*

RECORDED

94-8-95-8

NOV 9 1936

In similar case - should be told we know nothing about any "drive". Regular investigation is made, of course, by all members who have figures -

Federal Bureau of Investigation

TDQ:RCL

U. S. Department of Justice

Washington, D. C.

October 27, 1936.

MEMORANDUM FOR MR. TOLSON.

Mr. Sulzberger of the United Press telephoned and wanted to be advised as to the number of arrests made by the FBI in connection with violations of the White Slave Traffic Act all over the United States for a six months period.

Mr. Sulzberger was informed that statistics of this character were not compiled. He then wanted to know if an approximate figure could be given to him and was advised it could not.

Respectfully,

T. D. Quinn.

RECORDED
&
INDEXED.

NOV 4 1936

94-8-95-8

Federal Bureau of Investigation

U. S. Department of Justice

1216 Smith Young Tower,
San Antonio, Texas,
December 2, 1936.

Director,
Federal Bureau of Investigation,
Washington, D. C.

Dear Sir:

Reference is made to Bureau letter dated November 13, 1936 requesting that the Bureau be advised of the Dallas address of Mr. I. I. Femrite of the United Press.

Mr. Ken McClure, local news commentator and a personal friend of Mr. Femrite, has advised that Mr. Femrite left for Dallas about three weeks ago, exact date unknown and that Mr. Femrite maintains an office in the Dallas News Building at Dallas, Texas where Mr. Femrite is in charge of the sales department. Mr. Femrite's address is c/o the United Press, Dallas News Building, Dallas, Texas. Mr. McClure stated that Mr. Femrite no longer has any connection with the collection and dissemination of the news but is concerned solely with the sale of the United Press service to newspapers throughout the state of Texas. Mr. McClure does not know who is in active charge of the collection of the news at Dallas, Texas at this time.

Yours very truly,

Gus T. Jones,
Special Agent in Charge.

94-8-95-9

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call of Visitor.

Dec. 30 1936.

Time 4:43 PM

Name Mr. Turner of the United Press,
tele.

Referred to _____

Mr. Tolson _____
Mr. Tamm _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinkauf _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Details:

Asked to speak to Mr. Hoover and stated that it was not in connection with the Takoma case. When he was informed that the Director was not in he asked to be transferred to Mr. Carusi.

cbs.

RECORDED
INDEXED

94-8-95-10

FEDERAL BUREAU OF INVESTIGATION
DEC 31 1936 A.M.
U. S. DEPARTMENT OF JUSTICE

TOLSON
RES. DIV.
FILE

AN 5-1937

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Jan. 1 1937.

Time 9:23 PM

Name Mr. Turner of the United Press
tele

Referred to

Details:

Was advised the Director was not in the office. Mr. Turner stated he would like very much to speak to Mr. Hoover tonight if possible and would like to be called at Potomac 2370. oep

Mr. Tolson
Mr. Baughman
Mr. Clegg
Mr. Coffey
Mr. Dawsey
Mr. Egan
Mr. Foxworth
Mr. Glavin
Mr. Harbo
Mr. Joseph
Mr. Kleinkauf
Mr. Lester
Mr. Nichols
Mr. Quinn
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

RECORDED
&
INDEXED

94-8-95-11

JAN 8 1937

RT

ag
✓

United Press Associations
INCORPORATED IN NEW YORK
GENERAL OFFICES
NEWS BUILDING NEW YORK CITY

WASHINGTON BUREAU,
LYLE C. WILSON, MANAGER

January 4th, 1937

Mr. J. Edgar Hoover, Director
Federal Bureau of Investigation,
Justice Department,
Washington, D. C.

Dear Mr. Hoover:

Thank you for your kindness of last week to ~~Russell Turner~~ of the United Press. I have passed on to our New York office your comments on the nature of several stories appearing recently in the United Press Report and relating to the activities of agents in the Federal Bureau of Investigation. I can assure you that there is neither a desire nor a motive on the part of the United Press to be other than perfectly square with you and with your Bureau. If a statement is made by any responsible official, of course, we are obliged to carry it if it is news worthy but in nowise does that mean the United Press subscribes to any such statement.

Our job is to be one hundred percent objective in reporting the news of the world and it is our constant purpose to achieve complete objectivity.

Best wishes for the New Year.

Sincerely,

Lyle C. Wilson
Manager.

RECORDED
&
INDEXED

94-8-95-12

JAN 6 1937

16

WILSON
J. D. [unclear]
AMM
LODER FILE

JOHN EDGAR HOOVER
DIRECTOR

**Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.**

TDQ:A

January 12, 1937.

MEMORANDUM FOR MR. TOLSON

Mr. ~~X~~ Turner of the United Press telephoned and desired to be informed as to the whereabouts of the Director, and was informed no comments would be made.

Respectfully,



T. D. QUINN.

RECORDED
&
INDEXED

94-9-95-13

JAN 14 1937

TOLSON

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

TDQ:A

February 26, 1937

MEMORANDUM FOR MR. TOLSON

Mr. ^O~~X~~Dibble of the United Press telephoned and wanted to know the identity of the individual now considered by the Director as Public Rat #1.

Mr. Dibble was informed that the Bureau never rated the various fugitives and that this title was one that was either placed upon them by the public or the press.

Respectfully,



T. D. QUINN.

RECORDED
&
INDEXED

94-8-95-14
MAR 3 1937

TOLSON

RES. DIV.

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

April 3, 1937.

Time 3:25 PM

Name Allen Dibble of United Press tele.

Referred to

Details:

Stated that they had a report from Wilmington, Del. that a man had been arrested there by the police and held for the Dep't. of Justice. Wanted to follow up; was informed Director not here. He asked if Mr. Quinn or anyone else was around who could verify it. Was informed no one here now.

A.S.

RECORDED & INDEXED

3:40 Mr. Dibble tele. and asked that Mr. Hoover be asked when he returns to the office if he knows anything about the above, and if so, if he will advise Mr. Dibble. He will be in the United Press office. hwg

Mr. Nathan ☒
Mr. Baughman ☐
Mr. Clegg ☐
Mr. Coffey ☐
Mr. Dawsey ☐
Mr. Egan ☐
Mr. Foxworth ☐
Mr. Glavin ☐
Mr. Harbo ☐
Mr. Joseph ☐
Mr. Kleinlauf ☐
Mr. Lester ☐
Mr. Nichols ☐
Mr. Quinn ☒
Mr. Schilder ☒
Mr. Tamm ☒
Mr. Tracy ☒
Miss Gandy ☐

94-8-95-15

SEARCHED
SERIALIZED
INDEXED
FILED

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Apr. 16 1937.

11:00

Time

Name Allen Dibble of the United

Press tele.

Referred to

Details:

Stated the Bureau evidently still had Mr. Bailey of the United Press on its mailing list; that Mr. Bailey no longer covered the Department of Justice and Mr. Dibble would like to have his name placed on the Bureau's mailing list in place of Mr. Bailey. cek

Mr. Nathan ☒
Mr. Olson ☒
Mr. Daughman ☐
Mr. Clegg ☒
Mr. Coffey ☐
Mr. Dawsey ☐
Mr. Egan ☐
Mr. Foxworth ☐
Mr. Glavin ☐
Mr. Harbo ☒
Mr. Joseph ☒
Mr. Meinkauf ☒
Mr. Lester ☒
Mr. Nichols ☒
Mr. Quinn ☒
Mr. Schilder ☐
Mr. Tamm ☐
Mr. Tracy ☒
Miss Gandy ☐

RECORDED
&
INDEXED

94-8-95-16

changed
on 4/16/37
maw

SEARCHED
SERIALIZED
INDEXED
FILED

1

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.
April 20, 1937.

REPORT OF TELEPHONE CALLS

Time: 5:35 A. M.

At this time a Mr. ^BBaird of the ^UUnited Press called from "the second night club across the highway bridge" and advised that he had been attacked by gangsters and severely beaten. He desired the Bureau to send some Agents there at once. He was very insistent in his demands and threatened to call Secretary of State Hull and make an issue of the matter if something was not done at once. He was advised that the proper place to make a complaint of this nature would be the local police, but that his call would be brought to the attention of the proper Bureau officials.

Respectfully,

George W. Hall
GEORGE W. HALL.

Mr. Tolson	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Dancy	.....
Mr. Egan	.....
Mr. Foxworth	.....
Mr. Glavin	.....
Mr. Harbo	.....
Mr. Joseph	.....
Mr. Lester	.....
Mr. Nichols	.....
Mr. Quinn	.....
Mr. Schilder	.....
Mr. Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

RECORDED
&
INDEXED.

94-8-95-17	
FEDERAL BUREAU OF INVESTIGATION	
APR 21 1937 A.M.	
U. S. DEPARTMENT OF JUSTICE	
TAMM	FILE

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Apr. 27 1937.

1:10

Time

Name Allen Dibble of the United

Press tele.

Referred to

Details:

Mr. Nathan
Mr. Tolson
Mr. Baughman
Mr. Clegg
Mr. Coffey
Mr. Dawsey
Mr. Egan
Mr. Foxworth
Mr. Glavin
Mr. Harbo
Mr. Joseph
Mr. Kleinlauf
Mr. Lester
Mr. Nichols
Mr. Quinn
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

Stated that on page 87 of the House Appropriation hearings he had noticed some figures the Director had given on kidnaping cases. He stated he would like to write an article dealing with the work the Bureau has done in these cases and for this purpose would like to get the up to date figures which corresponded to those given by the Director before the Committee. He will call back about 3:30 to see if these are available. cek

Attached is copy of the hearings with figures marked.

RECORDED

INDEXED

94-8-95-18

U.S. DEPARTMENT OF JUSTICE
APR 28 1937 A.M.
TOLSON
FOXWORTH
TAMM
ONE
TRACY
FILE

JOHN EDGAR HOOVER
DIRECTOR

**Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.**

LMC'VTL

April 27, 1937.

MEMORANDUM

Since June 22, 1932, the time of the passage of the Federal Kidnaping Statute, there have been 94 kidnaping cases, 31 persons in custody and 7 participants at large. 193 convictions have been obtained with sentences imposed to the extent of 2,424 years, 11 months and 6 days; 38 life sentences have been imposed; 5 death sentences have been imposed; 2 kidnapers have been lynched; 5 committed suicide; 6 were murdered and 6 were killed in gun battle.

RECORDED

94-8-95-18

FEDERAL BUREAU OF INVESTIGATION

APR 29 1937 A.M.

U. S. DEPARTMENT OF JUSTICE

TOLSON

POWERS

TAMM

OFFICE

RECORDS DIV.

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

May 22 1937.

Time 10:10

Name Louis X Schaeffle of United Press tele.

Referred to

Details:

Stated the special radio division of their service was putting on a program dealing with the "History of Rackets" and he wondered if the Bureau had a bibliography dealing with the subject which he could use. Was advised the Bureau did not have such a bibliography and it was suggested he contact the Library of Congress. He stated that he might want to ask the Director later on for a statement in regard to the above program and that he would call the Director later about this. cek

Mr. Nathan ☒
Mr. Leon ☒
Mr. Baughman ☐
Mr. Clegg ☐
Mr. Coffey ☐
Mr. Dawsey ☐
Mr. Egan ☐
Mr. Foxworth ☐
Mr. Glavin ☐
Mr. Harbo ☐
Mr. Joseph ☐
Mr. Klein ☒
Mr. Lester ☐
Mr. Nichols ☒
Mr. Quinn ☒
Mr. Schilder ☒
Mr. Tamm ☒
Mr. Tracy ☒
Miss Gandy ☐

We do not have this.
94-8-95-19

RECORDED
&
INDEXED

TOLESON
Klein
H. J. [unclear]
[unclear]

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

June 11, 1937.

4:50 pm

Allen Dibble, UP, tele.

Mr. Dibble asked if Mr. Hoover is starting in the near future on a speaking tour, and if so if it will be possible to obtain his itinerary.

Mr. Dibble was advised that Mr. Hoover does have an engagement to speak on the 14th at the Kalamazoo College, in Kalamazoo, Mich. but that we do not know of a speaking tour.

He said he has been very much interested in the Director's speeches and thinks they have a lot of good sense expressed, and he is glad to see him given the honors he has received.

Mr. Dibble was thanked for his statements.

hwg

RECORDED
&
INDEXED

94-8-95-20

JUN 10 1937

ALSON
RES. DIV.
TRACY

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

July 9, 1937

RE: Call from Allen Dibble.

b6
b7C

Mr. Dibble was not called back inasmuch as writer at Mr. Kleinkauf's suggestion called Identification to ascertain if any record existed there on the [redacted] Mr. Dibble called about. Ident subsequently advised that [redacted] real name is [redacted] [redacted] has a considerable record, numerous aliases and is wanted by the Bureau. Mr. Collier, supervisor of Impersonation, was called to verify the Bureau's interest in [redacted] and subsequently advised writer that the Butte office was interested in the impersonation charge and the Salt Lake City office had an N.M.V.T.A. case involving [redacted]

The above information was conveyed to the Director and upon the Director's instructions Mr. Tamm was asked to verify [redacted] apprehension in Iowa. Mr. Tamm advises he talked with Des Moines and that office has no knowledge of any arrest of [redacted] out there.

Is it desired that any information be conveyed to Mr. Dibble?

A.S.

RECORDED
&
INDEXED

94-8-95-21

FEDERAL BUREAU OF INVESTIGATION

JUL 13 1937

U. S. DEPARTMENT OF JUSTICE

TAMM

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Nathan _____
Mr. _____ in _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Dawsey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinkauf _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Record of Telephone Call or Visitor.

July 9, 1937.

2:35 PM

Time _____

Name Allen Dibble of the U.P. tele.

Referred to _____

Details:

Stated that he had a report which states that a
[redacted] an escaped Nevada convict has been
found in Iowa. He asked that this be checked for
him and also asked to be called at brach 644.

b6
b7C

Mr. Tamm advised of this call and he stated that
we could make no comment on this matter as it was
a state jurisdictional matter.
Mr. Tamm stated that he knew nothing about this.

waj.

RECORDED

94-8-95-21

Kleinkauf

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

July 22 1937.

9:20 AM

Time _____

Name Allan Dibble of the U. P. tele.

Referred to _____

Details:

Stated that he had noticed in the papers that Mr. Hoover had been in New York questioning the individuals in the Parsons case. Mr. Dibble wanted to know if Mr. Hoover were back in town. He was advised that as far as the writer knew, Mr. Hoover was in town. waj.

Mr. Nathan _____
Mr. Tolson _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Dawsey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinkauf _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

RECORDED

INDEXED

94-8-95-22

limited
limited press association

JEH:HCB

July 24, 1937.

RECORDED

94-8-95-23

Mr. Allen Dibble,
United ~~States~~ Correspondent,
Department of Justice Correspondents Association,
U. S. Department of Justice Press Room,
Washington, D. C.

Dear Mr. Dibble:

I did want to thank you so much for your letter of July 21, 1937, and also to tell you how much I enjoyed talking with you on Friday.

You do not know, and I doubt whether members of the press realize how helpful they can be to those of us who are under rather heavy pressure, particularly in the field of law enforcement. An understanding and cooperative realization of the problems and pressure daily arising in our lives by those representatives of the press whose duty it is to contact us does help so much to make the road a little easier. You have been particularly helpful and considerate in all your contacts with the Federal Bureau of Investigation and I am indeed grateful and appreciative of it.

With best regards and all good wishes, I am

Sincerely yours,

J. Edgar Hoover



62-100000-10000
MAILED

JUL 26 1937

U. S. DEPT. OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Department of Justice Correspondents Association
Washington

PRESS ROOM

July 21, 1937

My dear Mr. Hoover:

I understand you will celebrate Monday, July 26th, the 20th anniversary of your association with the Department of Justice.

In recognition, I would like very much to interview you for a story to be released on that day. Of course, I will not attempt to discuss with you any pending cases, such as the Parsons or Mattson cases.

I would rather have your ideas on what has been the greatest contribution to crime-fighting during your tenure; what effect the present economic conditions have upon crime.

In connection with the latter point, it seems significant that the crime age is dropping throughout the present period. Some might expect the crime age to rise because of the increased unemployment of older men.

We also can discuss the contributions of the Federal Bureau of Investigation to crime enforcement. Not so many years ago, citizens of the United States pointed to the Canadian Royal Mounted Police as the "ideal" crime-fighting machine. During the past few years, we hear less and less of that admiration since our own FBI has taken such a prominent position.

Many thanks and best wishes.

Sincerely,

Allen Dibble
Allen Dibble

0 United Press.

RECORDED
&
INDEXED

94-8-95-23

ark
7-24-37
jwr

CONFIDENTIAL

JIM:JAC

August 7, 1937.

RECORDED

94-8-95-24

Mr. Allen Dibble,
United Press,
714 National Press Building,
Washington, D. C.

Dear Mr. Dibble:

Receipt is acknowledged of your letter
of August 3, 1937, in which you request information
concerning former gun molls.

There is enclosed herewith a copy of the
information available for distribution regarding
the individuals about whom you have inquired.

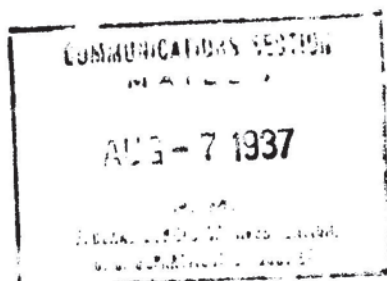
I hope this will supply you with the
material you desire.

With best wishes and kind regards,

Sincerely yours,

J. E.

Enclosure.



✓

ms

August 7, 1937.

Kathryn Thorne Kelly

Kathryn Thorne Kelly had been married to Lonnie Fay of Asher, Oklahoma, whom she divorced, and later married Charlie Thorne of Coleman, Texas. Under mysterious circumstances pronounced "suicide" by the Coroner, Thorne was found dead. Thereafter Kathryn Kelly married George Kelly Barnes under the name of George R. Kelly.

Soon after Charles F. Urschel of Oklahoma City was kidnaped on July 22, 1933, it was known that George and Kathryn Kelly were implicated in the crime. Kathryn was with her husband as they toured over the United States and sent a number of threatening letters to Mr. Urschel and Mr. Joseph B. Keenan, Assistant Attorney General, who was in charge of the prosecution in Oklahoma City.

Kathryn secured a man to act as intermediary with her attorney, and took this man's daughter with her as a subterfuge to Chicago when she met George Kelly.

She was with George Kelly when they were taken into custody by Special Agents of the FBI at Memphis, Tennessee. Kathryn's spirit was undaunted when she and George were removed to Oklahoma City for trial.

She was convicted and sentenced to serve life imprisonment on October 12, 1933, for the kidnaping of Charles F. Urschel.

Evelyn Frechette

John Dillinger was arrested at Tucson, Arizona, on January 25, 1934, with Evelyn Frechette. The latter was released.

When a Special Agent of the FBI and an officer of the St. Paul Police Department knocked at the door of Mr. and Mrs. Hellman's apartment, the door was opened and immediately closed upon seeing the officer. The Hellmans departed quickly thereafter amid gunfire. The Hellmans were found to have been John Dillinger and Evelyn Frechette.

In the gunfire Dillinger was injured and Evelyn Frechette contacted Edward Green to secure a doctor for Dillinger.

On April 4, 1934, Frechette went to Mooresville, Indiana, where, aided by certain of his relatives, they visited Dillinger's father. But, on leaving, Evelyn Frechette was apprehended on April 9, 1934, by Special Agents of the FBI. She admitted her aid to Dillinger and was indicted by a Federal Grand Jury sitting at St. Paul, Minnesota, on a conspiracy charge. On May 23, 1934, she was sentenced to serve a two-year prison term and pay a \$1,000 fine.

JH

Opal Long

Opal Long and a girl friend had been living with Homer Van Meter and John Hamilton in an apartment in St. Paul - the one from which John Dillinger escaped shortly before the shooting on March 31, 1934.

She was captured on June 2, 1934, at Chicago, Illinois, and returned to St. Paul, Minnesota. On June 29, 1934, an information was filed against Opal Long, charging her with harboring Dillinger, and she was sentenced in the United States District Court to serve a term of six months in the Minneapolis Workhouse.

Marie Conforti

Marie Marion Conforti, the paramour of Homer Van Meter, was located in the resort at Little Bohemia after it was entered by Special Agents of the FBI, Dillinger, Hamilton, Van Meter, Carroll, Gillis and Reilly having just escaped.

Accordingly, Conforti was indicted at Madison, Wisconsin, with others, for harboring the fugitive Thomas Leonard Carroll and John Dillinger. On May 25, 1934, she entered a plea of guilty and was sentenced to serve eighteen months, but the court suspended the sentence and she was placed on probation.

Because of her failure to report to the Probation Officer, her probationary sentence was revoked and a warrant was issued on June 29, 1934, for her arrest.

Upon reading of the death of John Dillinger, Marie Conforti and Homer Van Meter hurriedly departed from their retreat at Calumet City, Indiana, for St. Paul, Minnesota. They parted upon their arrival and shortly thereafter Van Meter was killed by officers of the St. Paul Police Department. Conforti then proceeded to Chicago, where she was arrested by Special Agents of the FBI on August 26, 1934.

On September 11, 1934, a Federal Grand Jury at St. Paul returned an indictment against Conforti charging her with conspiracy to harbor Homer Van Meter, and she was sentenced on December 17, 1934, to serve one year and one day in a Federal Penitentiary, this sentence to be concurrent with the sentence imposed at Madison, Wisconsin, on December 22, 1934. She was also indicted on a similar charge at Chicago, and, in view of the previous sentence served by her, the United States Attorney's Office recommended leniency to the court on her behalf, and on December 9, 1936, she was sentenced to serve one hour in the custody of the United States Marshal.

Pat Cherrington

Patricia Young, alias Pat Cherrington, was one of the feminine members of the Dillinger gang. After Dillinger, as Hellman, had fled the apartment he and Evelyn Frechette had in St. Paul on March 31, 1934, it was ascertained by Special Agents of the FBI that Pat Young had also been a resident of the apartment.

Information had been received by the Special Agents that Dillinger and John Hamilton had been seen at the home of Mrs. Isaac Steve, a sister of John Hamilton, at Sault Sainte Marie on April 17, 1934. Agents, upon arriving there, found that Dillinger, Hamilton and Patricia Young had visited Mrs. Steve, but had left.

On April 19, 1934, with John Hamilton, Dillinger and others, Patricia Young went to Little Bohemia. However, she left before the raid by Special Agents to go to St. Paul to receive medical aid.

While the raid at Little Bohemia was in progress, Reilly and Pat Young returned to the Lodge in an automobile, but upon hearing sounds of shooting, succeeded in escaping by driving away, although several shots were fired at the automobile in which they were riding.

A Federal Grand Jury at Madison, Wisconsin, returned an indictment against Patricia Young, charging her with harboring and conspiracy to harbor the fugitive Thomas Leonard Carroll.

On June 2, 1934, she was taken into custody at Chicago, Illinois, and remanded to Madison, Wisconsin, where she entered a plea of not guilty to the harboring charges, but changed her plea to guilty and was sentenced to serve two years in a Federal prison.

Helen Gillis

Helen Gillis was devoted to her mad husband, Lester Gillis, alias "Baby Face" Nelson, even to his death. In 1932, after Nelson had escaped during the time he was incarcerated at the Illinois State Prison on a bank robbery charge, she was with him in California. Subsequently, they returned to the vicinity of Chicago. In 1933 they were in Texas, having Thanksgiving dinner with H. S. Leberman. On April 16, 1934, Helen Gillis was with her husband when they went to the Lodge at Little Bohemia, and was taken into custody following the raid.

She was indicted on harboring charges and pleaded guilty on May 25, 1934. An eighteen months' sentence was imposed, but it was suspended and she was placed on probation for eighteen months.

Her probation was revoked for failure to report to the probation officer, and a warrant for her arrest was issued June 12, 1934.

She continued with her husband, always by his side.

Special Agents were seeking Nelson's apprehension on November 27, 1934, when he was seen near Barrington, Illinois. There was an exchange of shots, one Agent killed and another, seriously wounded, who died shortly thereafter. Nelson was injured too, but he was taken by his wife and their accomplice, John Paul Chase, in the car. Nelson died soon thereafter.

Helen Gillis was taken into custody by Special Agents of the Federal Bureau of Investigation on November 29, 1934, and sentenced to serve one year and one day for violating her probation.

Jean Delaney

Jean Delaney was located at Little Bohemia after the raid by Special Agents and, accordingly, on May 19, 1934, she was indicted on a harboring charge, to which she entered a plea of guilty on May 25, 1934. She received an eighteen months' suspended sentence and was placed on probation for that time.

On June 7, 1934, officers were seeking the arrest of Tommy Carroll. As Carroll walked to the car with Jean Delaney, he was approached by the officers. He reached for a gun, whereupon the officers fired at and killed him.

Jean Delaney was returned to Madison, Wisconsin, where on June 11, 1934, her probation was revoked and she was sentenced to serve a year and a day in a Federal prison.

Bessie Skinner

Bessie Skinner was the friend of Edward Green. After John Dillinger fled from his apartment in St. Paul, Special Agents who were located in this apartment took into custody two negro women who called to get some baggage for a Mr. Stephens and take it to their residence where Stephens was to call for it.

Special Agents accompanied these women, and Edward Green called for the baggage. While resisting arrest, he was killed by the Agents. A woman who claimed to be his wife accompanied him. She was Bessie Skinner.

Green and Bessie had been living together in St. Paul as Mr. and Mrs. T. J. Randall.

She was indicted on a harboring charge and entered a plea of guilty on May 23, 1934, on which she was sentenced to serve a fifteen months' sentence in prison.

Department of Justice Correspondents Association
Washington

PRESS ROOM

Aug. 3, 1937

Dear Mr. Hoover:

Our Chicago office plans to write a story concerning the following list of former gun molls. They would like very much to have a brief sketch from your files on each, giving their previous connection with the gangsters, the result of their associations, and, if possible, their present whereabouts and doings.

Evelyn ~~Frechette~~, Opal ~~Long~~, Anna ~~Martin~~, Jean ~~Burke~~, Mary ~~Kinder~~, Helen ~~Karpis~~, Katherine ~~Kelly~~, Katherine ~~Bailey~~, Marie ~~Conforti~~, Pat ~~Cherrington~~, Helen ~~Gillis~~, Jean ~~Delancey~~ and Bessie ~~Skinner~~.

Many thanks.

Sincerely yours,

Allen ~~Bibble~~.

J. Edgar Hoover, Director
Federal Bureau of Investigation
Department of Justice.

RECORDED
&
INDEXED

94-8-95-24

AUG 3 1937

TOLSON

MISS GANDY

MISS GANDY

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Aug. 7 1937.

9:53

Time

Name Allen Dibble tele.

Referred to

Details:

Asked if the Director would call him when he returned. cek

10:15 - Allen Dibble tele. stating that he heard Mr. Clegg had made a speech at National Law School in which he stated that the age limit of agents had been reduced to 23. Upon advice from Mr. Tracy he was advised this was correct. He stated he thought this would make a pretty good story and he would like to speak to the Director about this when he came in. cek

Mr. Tolson ☒
Mr. Baughman
Mr. Clegg
Mr. Coffey
Mr. Dawsey
Mr. Egan
Mr. Foxworth
Mr. Glavin
Mr. Harbo
Mr. Joseph
Mr. Kleinlauf
Mr. Lester
Mr. Nichols
Mr. Quinn
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

RECORDED
&
INDEXED

94-8-95-25	
AUG 10 1937	
U.S. DEPT. OF JUSTICE	
COLSON	FILE

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Aug. 10 1937.

2:21

Time _____
Name Allen Dibble of U.P. tele

Referred to _____

Details:

No message, stated that he wondered if the Director would have anything to say about the reduction in the agent's age limit to 23. Was advised in accordance with the Director's instructions that this reduction was nothing new and had been in effect for some time and there was nothing of interest to be released on it at this time.

cek

Mr. Nathan _____
Mr. Tolson _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Dawsey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinlauf _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

RECORDED

INDEXED

94-8-95-26

FILE

JOHN EDGAR HOOVER
DIRECTOR

CC-160

Mr. Nathan ☒
Mr. Tolson ☒
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Dawsey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

HHC:WKB

Date August 10, 1937

MEMORANDUM FOR THE DIRECTOR

Mr. Dibble of the United Press telephoned this office today. He inquired first as to whether a representative of the Indiana State Police had attended the National Police Academy. I told him one had not as yet.

Mr. Dibble next inquired as to whether women were barred from attending the academy. I told him there was no such restriction in existence.

He then inquired as to the reasons for dropping the minimum age limit of Special Agents to 23 years. I suggested that he call Mr. Tolson in charge of personnel matters concerning this matter.

Respectfully,

RECORDED

INDEXED

94-8-95-27

PERSONNEL

H. H. Clegg
Signature

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Record of Telephone Call or Visitor.

Aug. 23 1937.

12:50

Time _____

Name Allen Dibble tele.

Referred to _____

Details:

Stated he just wanted to let us know that he was back on the job after having helped Congress get out of town. cek

Mr. Nathan _____
Mr. Tolson _____
Mr. Baughman _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Dawsey _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Joseph _____
Mr. Kleinkeuf _____
Mr. Lester _____
Mr. Nichols _____
Mr. Quinn _____
Mr. Schilder _____
Mr. Tamm _____
Mr. Tracy _____
Miss Gandy _____

RECORDED
&
INDEXED

94-8-95-28

TOLSON

COLE

W. B. W.

FILE

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.
September 13, 1937.

MEMORANDUM FOR MR. Tamm *EW*

In accordance with your instructions, I called Allen Dibble at the Department's Press Room and told him that you had asked me to inform him that the information requested in his note to you of September 13th could only be given him by the Director. I told him that, of course, the Director was out of the city at this time, but that his request for these data would be called to Mr. Hoover's attention upon his return to Washington.

Mr. Dibble asked me to thank you for having him notified in this regard.

Respectfully,

R. A. Parsons

R. A. Parsons.

94-8-95-29

Handwritten marks and signatures at bottom of page:
✓ *me* *EW* *D*

Department of Justice Correspondents Association

Washington

PRESS ROOM

September 13, 1937

Mr. Tamm:

I would like to do a wire story on the futility of attempting to extort money from movie stars. It seems from what I have read that virtually every attempt is halted by federal agents.

Could I have brief sketches of such attempts during last few years, giving the name of the star, amount of money asked, the apprehended senders' names and his punishment.

Is there any special precautions taken by movie stars to ward off extortionists. Is their mail inspected by the studios and any threatening letters turned directly over to the federal agents or do ~~they~~ the stars themselves discover the attempts.

Many thanks for the instructive and pleasant tour of the FBI Saturday.

Regards,

Allen Hibbs

P. S. Please have one of the boys call me when the material is ready and I'll come around and get it. My extension is Justice 644.

potter

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S. 11 131

*Miss M. Tamm
9/13/37*

MU

P. O. Box 1881
Seattle, Washington

September 9, 1937

Mr. J. Edgar Hoover, Director
Federal Bureau of Investigation
Washington, D. C.

Re: Interviews by Newspaper Reporters
and Press Services of Seattle,
Washington

Dear Mr. Hoover:

Reporters from the three Seattle papers - The Seattle Daily Times, The Seattle Post-Intelligencer, and The Seattle Star - and from the United Press and Associated Press interviewed me in our Seattle Division office at 3:30 P.M. yesterday.

They were a very interesting, as well as interested and enthusiastic group. I talked to them for an hour and ten minutes and answered a large number of questions.

During this interview I stressed the accomplishments of the Bureau during the fiscal year 1937.

The resulting publicity in this vicinity will be afforded to you by Special Agent in Charge W. C. Suran in the usual course.

I thanked all the reporters on your behalf for their manifest interest in you and the Bureau and explained to them the Department of Justice rules under which all Bureau offices worked as to the release of any publicity.

I don't believe I have ever talked to a group of reporters as interested in the Bureau and its work as this particular group, and I feel certain that their interest was greatly stimulated by your visit to this section.

RECORDED

Sincerely yours,

W. H. Drane Lester
Inspector

WHL:GE

94-8-95-30

INDEXED

FILE

JEH:HCB

November 22, 1937.

MEMORANDUM FOR MR. TOLSON

In talking with Mr. ~~McNaughton~~ ^{McNaughton}, who is the correspondent of the United Press who covers the Department, he expressed to me a desire to obtain a number of special feature stories. I told him of some of the more or less outstanding fugitives whom we are seeking at the present time, and he is anxious to obtain memoranda concerning some of these, with interesting incidents in their backgrounds and photographs, so that he may prepare some special feature stories upon them.

I wish that you would therefore communicate with the proper supervisor in the Investigative Division and have such memoranda prepared upon a number of the outstanding fugitives. I have in mind the Payne gang in the Carolinas; Dewey Hunt and Gant of the Gulf Coast States; Denning of Iowa; Hanley of Iowa; Lepke and Gurrah of New York; and the sole remaining fugitive in the McElroy kidnaping case of Kansas City whose name I believe is Charles Stephenson or Stephens. There may be some other leading ones, but I think this is an excellent opportunity to get some of this material before the public. I would like to have a few of these, if possible, not later than Wednesday or Thursday of this week.

I think, in line with this same matter, it might be well to have forwarded to one or two of the leading detective magazines which carry wanted persons columns, some material concerning some of our most wanted fugitives. Of course, we would not send them the detailed memoranda to which I have referred in the preceding paragraphs, but merely some photographs and a brief description of them. I spoke to Mr. Cornelius about this last week and he probably has it in mind but it might be well to check up on it because I think the sooner we do it the better.

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Very truly yours,

John Edgar Hoover,
Director.

NOV 22 1937
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION
NOV 28 1937 P.M.
U. S. DEPARTMENT OF JUSTICE

FILE

Mr. Nathan
Mr. Tolson
Mr. Baughman
Mr. Clegg
Mr. Coffey
Mr. Crowl
Mr. Egan
Mr. Foxworth
Mr. Glavin
Mr. Harbo
Mr. Hottel
Mr. Lester
Mr. McGuire
Mr. Naughton
Mr. Nichols
Mr. Pennington
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

LBN:MWC

December 7, 1937.

Mr. Frank McNaughton,
United Press,
Press Room,
U. S. Department of Justice,
Washington, D. C.

Dear Mr. McNaughton:

With reference to our recent conversation, I am pleased indeed to enclose copies of memoranda, photographs, Identification Orders, and wanted notices, where available, concerning Harold Zack Thompson, Joseph Paul Cretzer, Arnold Thomas Kyle, and Irving Charles Chapman.

From time to time as additional material is prepared, I shall, of course, be very glad to make it available to you for I feel that the wide dissemination of information concerning wanted fugitives will be extremely valuable in investigations to locate their whereabouts and the individuals whose names appear above are subjects of vigorous investigation with a view to causing their apprehension.

With best wishes and kind regards,

Sincerely yours,

Enclosures

COMMUNICATIONS SECTION
DEC 8 - 1937

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

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94-8-95-32
FEDERAL BUREAU OF INVESTIGATION

DEC 9 1937 P. M.

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91-812-337
91-5-377

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Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

LBN:JDIF

December 1, 1937.

MEMORANDUM FOR MR. TOLSON

With reference to our conversation today and the notation which the Director made on your memorandum dated November 24, 1937, to the effect that we furnish the Special Agents in Charge the names of individuals to whom we send copies of memoranda concerning fugitives wanted by the Bureau, I think that the best way to handle this would be to send copies of our outgoing letters to various individuals who receive background memoranda on fugitives to the SAC's and if this is approved this policy will be followed in each instance.

Respectfully,

L. B. Nichols
L. B. Nichols.

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94-8-95-33

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

CT:ACS

November 24, 1937.

MEMORANDUM FOR THE DIRECTOR.

Reference is made to your memorandum to me dated November 22nd concerning the preparation of material for special feature stories dealing with some of the more notorious and dangerous fugitives who are being sought by the Bureau. *W.H. 11/24/37*

I conferred yesterday with Mr. Cornelius and with Mr. Nichols and we desire to recommend that the following procedure be adopted for the dissemination of information of this kind:

We suggest that there be prepared a selected list of newspaper representatives, including Mr. McNaughton of the United Press; Mr. John Carlisle of the Detroit News; Mr. Walter Biscup of Tulsa; Mr. William Duncan of Philadelphia; Mr. Shuttlesworth of True Detective Magazine; Mr. Nanovic of the G Man Publication, and others, and that memorandum material with accompanying Identification Orders, wanted notices, and photographs be sent to these persons.

Secondly, we recommend that when such memorandum is prepared on an individual or the members of a notorious group of individuals, such material be sent to selected press representatives from the mailing list maintained in the Research Division in the section of the country in which such criminals are operating. We believe this selection should be confined to editors and writers and that publishers should be eliminated.

RECORDED & INDEXED

Thirdly, we recommend that at least three copies of this material be sent to Special Agents in Charge of Bureau field divisions in territories particularly interested in these criminals with instructions that the SACs may be able to furnish the material to newspaper representatives in their districts who will make proper use of it.

For your information, the following time schedule will be met in furnishing this information to you. I have told Mr. Cornelius that I think the best procedure is to send to you by memorandum a copy of the material concerning a particular individual or group of individuals and at the same time a memorandum be prepared to Mr. Nichols enclosing copies of the material so that he may requisition the mimeographing of the memoranda, and the necessary wanted notices, Identification Orders, and photographs, and that the communications forwarding this information to the persons indicated above be forwarded through the Research Division.

With respect to Arnold Thomas Kyle and Joseph Paul Kretzer, notorious West Coast bank robbers, a memorandum and wanted circular will be available on Friday, November 26th.

True! At last we are getting somewhere. I would suggest we advise each SAC the names of persons to whom we send such material in this Division. V.

In the case of Hunt and Gant, bank robbers and desperadoes, a memorandum and circular will be available on Friday of this week.

With respect to Lepke and Gurrah, we have already sent out a reward flyer. However, a memorandum, copies of the reward flyer, and Identification Orders will be submitted to you by Friday, November 26th.

In the case of Clarence Vernon Stevens, kidnaper, wanted in connection with the McElroy case, a wanted circular and memorandum will be submitted to you by Monday, November 29th.

In the case of Joseph Hanley, kidnaper and bank robber in Iowa, a wanted circular and memorandum will be submitted to you by Friday, November 26th.

With reference to Maurice Denning, Iowa bank robber, a memorandum and wanted circular will be submitted to you by Friday, November 26th.

In the case of Irving Charles Chapman, bank robber in the Southwest, a memorandum and wanted notice will be submitted to you by Friday, November 26th.

In the case of Gregory Hammond, impersonator, a memorandum and Identification Order will be submitted to you on Friday, November 26th.

In the case of Calavecchio and d'Allesandro, New York bank robbers, Identification Orders, wanted circulars and a memorandum will be submitted to you by Monday, November 29th.

As you know, in the case of the Payne gang in North Carolina, a memorandum with accompanying photographs and other data has already been forwarded to SACs of Bureau field divisions east of the Mississippi and south of the Mason and Dixon Line and, in addition, to certain selected newspaper contacts.

I will keep in touch with this situation with a view to sending out this material as soon as it is prepared and approved.

Respectfully,

Clyde Tolson

Clyde Tolson.

cc - Mr. Nichols

cc - Mr. Cornelius